

096-280051-15

FILED  
TARRANT COUNTY  
7/31/2015 8:28:36 AM  
THOMAS A. WILDER  
DISTRICT CLERK

CAUSE NO. \_\_\_\_\_

ARLINGTON CAREER INSTITUTE	§	IN THE DISTRICT COURT OF
	§	
Plaintiff,	§	
	§	
v.	§	_____ JUDICIAL DISTRICT
	§	
HARTFORD LLOYD'S INSURANCE COMPANY	§	
Defendant.	§	TARRANT COUNTY, TEXAS

**PLAINTIFF'S ORIGINAL PETITION**

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW, ARLINGTON CAREER INSTITUTE, ("Plaintiff") and files this Original Petition, and for causes of action against HARTFORD LLOYD'S INSURANCE COMPANY ("Defendant") would show unto the Court and the jury the following:

**A. DISCOVERY CONTROL PLAN**

1. Plaintiff intends to conduct discovery under Level 3 of Tex.R.Civ.P.190.

**B. PARTIES AND SERVICE OF PROCESS**

2. Plaintiff is a Texas company doing business in Grand Prairie, Tarrant County, Texas. Plaintiff's insured property that is the subject of this lawsuit is situated in Grand Prairie, Tarrant County, Texas.

3. Defendant, THE HARTFORD INSURANCE COMPANY is an insurance company registered to engage in the business of insurance in the state of Texas. Defendant may be served with personal service by a process server, or by certified mail, return receipt requested, by serving its **Registered Agent: C T Corporation System, 1999 Bryan Street, Suite 900, Dallas. Texas 75201-3136.**

**C. STATUTORY AUTHORITY**

4. This suit is being brought in part, under the Tex. Bus. & Comm. Code, Sec. 17.41 *et seq.*, commonly known as the Deceptive Trade Practices and Consumer Protection Act, and cited in this Petition as “DTPA”. This suit is also brought in part, under the Texas Insurance Code, Chap. 541.151 *et seq.*, Chap. 541.051 *et seq.*, Chap. 542.051 *et se.*, and Tex.Civ. & Rem. Code §38.01 *et seq.*

**D. JURISDICTION**

5. The Court has jurisdiction over the cause of action because the amount in controversy is within the jurisdictional limits of the Court.

6. The Court has jurisdiction over Defendant because Defendant is a company that engages in the business of insurance in the state of Texas and the causes of action arise out of Defendant’s business activities in the state of Texas.

**E. VENUE**

7. Venue of this action is proper in this county of suit pursuant to Tex.Civ.Prac. & Rem.Code § 15.032 because the insured property owned by Plaintiff, which is the subject of this suit, is situated in Grand Prairie, Tarrant County, Texas.

**F. NOTICE AND CONDITIONS PRECEDENT**

8. Defendant has been provided notice, in writing, of the claims made by Plaintiff in this petition, including a statement of Plaintiff’s actual damages and expenses in the manner and form required.

9. All conditions precedent necessary to maintain this action and in order to maintain claim under the insurance policy in question have been performed, occurred, or have been waived by Defendant.

**G. FACTS**

10. This lawsuit arises out of the following transactions, acts, omissions, and/or events. On or about **April 3, 2012, June 6, 2012 and June 13, 2012** Plaintiff's property sustained catastrophic damage to its building and contents as a result of both Wind storms and Hail storms. At that time, Plaintiff was insured by a policy of insurance provided by Defendant, bearing Policy Number **46 SBA BC 5239** that insured the property for loss by a wind and hail storm. The policy was in full force and effect on the dates of the wind and hail storms. Defendant has a complete copy of the policy in its possession.

11. All damages and loss to Plaintiff's property was caused by a direct result of a peril for which Plaintiff was insured pursuant to the policy herein, wind and hail storm.

12. Defendant, sold this policy insuring the property in it's "as is" condition, insuring the property that is the subject of this lawsuit to Plaintiff.

13. Plaintiff suffered a significant loss with respect to the property at issue and additional expenses as a result of the wind and hail storms. Plaintiff submitted a claim to Defendant, pursuant to the contract of insurance for damages as a result of the wind and hail storms.

14. Plaintiff submitted a claim to Defendant, pursuant to the contract of insurance for damages as a result of the wind and hail storms.

15. Defendant assigned a claim number of CP0010608428 to the damage corresponding to the April 3, 2012 date of loss.

16. Defendant's policy was in full force and effect on the date of the wind and hail storms. A complete copy of the policy is attached to this petition as "**Exhibit A.**"

17. Plaintiff has attempted on numerous occasions to obtain full and complete payment for covered losses pursuant to the Defendant's insurance policy.

18. Inspection of the property was conducted on April 13, 2012; and Plaintiff's claim was denied. Defendant hired HAAG Engineering to prepare a report detailing the cause of damage to the property on August 6, 2012. HAAG Engineering found there was no wind or hail damage to the property. Plaintiff's property sustained hail damage again on June 6, 2012 and Plaintiff again filed a claim with Defendant. Defendant sent an adjuster to inspect the property along with engineers from Rimkus Engineering. Upon information and belief, Rimkus Engineering determined there was no hail damage and Defendant denied the claim. Plaintiff suffered yet another loss during a wind and hail storm on June 13, 2012. Plaintiff retained a Public Adjuster to assist with securing payment on the claim and the claim was again denied and an additional request for reinspection was denied.

19. Defendant, acting through its agents, servants, representatives and employees has failed to properly investigate, evaluate and adjust Plaintiff's claim for benefits in good faith and has further failed to deal fairly with Plaintiff.

20. Defendant failed and refused to evaluate the information surrounding facts regarding Plaintiff's covered claim, choosing instead to hide behind palpably incorrect assumptions and conclusions of its agents, employees or consultants.

21. Defendant failed or refused and continues to fail or refuse to pay covered claims on a timely basis as required by the insurance contract and as required by the Texas Insurance



Code. Instead, Defendant has wrongfully delayed or denied claims when liability for coverage under the policy was reasonably clear.

22. In contrast, Plaintiff has cooperated with every request made by Defendant, and has displayed, at reasonable times, all of its relevant records, documents, buildings and contents that are subject of this catastrophic loss.

23. Defendant has persisted in delay or denial to pay the full amounts due for Plaintiff's claim even though a person of ordinary prudence and care would have done otherwise.

24. No reasonable basis exists for Defendant's delay and/or refusal to provide covered benefits due and owing under the insurance policy in question.

25. No reasonable basis has existed for Defendant's delay and/or refusal to pay covered benefits due and owing under the insurance policy in question.

26. Defendant has misrepresented to Plaintiff that the damage to the property was not in excess to the amount paid, even though the damage was caused by a covered peril.

27. Defendant failed to make an attempt to settle the claim in a fair manner, although Defendant was aware of the liability to the Plaintiff under the policy in violation of Texas Unfair Competition and Unfair Practices Act. Tex. Ins. Code Sec. 541§060(2).

28. Defendant failed to explain to Plaintiff the reasons for the offer of an inadequate settlement. Specifically, Defendant failed to offer Plaintiff adequate compensation, without any explanations why full payment was not being made.

29. Defendant did not communicate that any future settlements or payments would be forthcoming to pay for the entire losses covered under the policies, nor did they provide any explanation for the failure to adequately settle Plaintiff's claim in violation of the Texas Unfair Competition and Unfair Practices Act, Tex. Ins. Code. Sec. 541.060(3).

30. Defendant refused and/or failed to properly evaluate the obvious structural damages to Plaintiff's property, forcing the Plaintiff to hire his own experts and incur additional expenses.

31. Defendant after conducting inspections of the subject damaged property and after having received Plaintiff's opinions, refused and/or failed to pay undisputed monies/funds owed to Plaintiff.

32. Defendant used the undisputed monies/funds owed to the Plaintiff as a negotiation tool, and held these funds ransom in an attempt to negotiate a settlement with the Plaintiff for less than the total amount of the damages knowing full well that Plaintiff's property was significantly damaged and Plaintiff is in need of the money to repair the damages.

33. Defendant failed to affirm or deny coverage of Plaintiff's claim within a reasonable time. Specifically, Plaintiff did not receive timely indication of acceptance or rejection, of the claim in writing from Defendant. Defendant's conduct constitutes a violation of the *Texas Unfair Competition and Unfair Practices Act*, Tex. Ins. Code Sections 541.060(4).

34. Defendant refused to fully compensate Plaintiff, under the terms of the policy, even though Defendant failed to conduct a reasonable investigation, in violation of the *Texas Unfair Competition and Unfair Practices Act*. Tex. Ins. Code Section 541.060(7).

35. Defendant performed an outcome-oriented investigation of Plaintiff's claim, which resulted in a biased, unfair and inequitable evaluation of Plaintiff's losses on the property. Defendant's conduct constitutes violations of the *Texas Unfair Competition and Unfair Practices Act*. Tex. Ins. Code Section 541.060(7).

36. Defendant failed to meet their obligations under the Texas Insurance Code regarding acknowledging Plaintiff's claims, beginning investigations to Plaintiff's claims and

requesting all information reasonably necessary to investigate Plaintiff's claims within fifteen (15) days of receiving notice of Plaintiff's claims. Defendant's conduct constitutes violations of the *Texas Prompt Payment of Claims Act*. Tex. Ins. Code. Section 542.055.

37. Defendant failed to accept or deny Plaintiff's claim within fifteen (15) business days of receiving all required information in violation of the *Texas Prompt Payment of Claims Act*. Tex. Ins. Code. Section 542.055.

38. Defendant failed to meet its obligations under the Texas Insurance Code regarding payment of claims without delay. Specifically, Defendant has delayed full payment of Plaintiff's claims longer than allowed and to date Plaintiff has not yet received full payment for the claims. Defendant is in violation of the *Texas Prompt Payment of Claims Act*. Tex. Ins. Code. Section 542.055.

39. From and after the time Plaintiff's claim was presented to Defendant, the liability of Defendant to pay the full claims in accordance with the terms of the policy was reasonably clear. However, Defendant has refused to pay Plaintiff in full, despite there being no basis whatsoever on which a reasonable insurance company would have relied on to deny the full payment. Defendant's conduct constitutes breaches of the common law duty of good faith and fair dealing.

40. As a result of Defendants' acts and omissions, Plaintiff was forced to retain the undersigned attorney who is representing Plaintiff in this cause of action.

41. Plaintiff's experience is not an isolated case. The acts and omissions committed by Defendant, in this case, or similar acts and omissions, occur with such frequency that they constitute a general business practice of Defendant with regard to handling these types of

claims. Defendant's entire process is unfairly designed to reach favorable outcomes for the company at the expense of the policyholders.

## **H. CAUSES OF ACTION AGAINST DEFENDANT**

### **COUNT I – BREACH OF CONTRACT**

42. Defendant's conduct, as described above, constitutes a breach of the insurance contract made between Defendant and Plaintiff.

43. Defendant's failure and refusal, as described above, to pay the adequate compensation as it is obligated to do under the terms of the policy in question and under the laws of the State of Texas, constitutes material breaches of the insurance contract with Plaintiff. Plaintiff has suffered damages in the form of actual damages, consequential damages and reasonable and necessary attorney's fees.

### **COUNT II - VIOLATIONS OF THE TEXAS UNFAIR COMPENSATION AND UNFAIR PRACTICES ACT**

44. Defendant is an entity that is required to comply with Tex. Ins. Code Sections 541.051; 541.060; 541.061; and 541.151.

45. Defendant's conduct constitutes multiple violations of the *Texas Unfair Compensation and Unfair Practices Act*. Tex. Ins. Code Chapter 541. All violations under this article are made actionable by Tex. Ins. Code Section 541.151.

46. Defendant's unfair practice, as described above, of misrepresenting to Plaintiff material facts relating to the coverage at issue, constitutes an unfair method of competition and

an unfair and deceptive act or practice in the business of insurance. Tex. Ins. Code Sections 541.051, 541.060, 541.061.

47. Defendant engaged in violation of Tex. Ins. Code Section 541.051 *et seq.*

- (1) misrepresentation and false advertising of policy contracts;
- (4) boycott, coercion, and intimidation in the business of insurance;
- (7) unfair discrimination;
- (9) deceptive names, words, symbols, devises, and slogans;
- (10) unfair settlement practices; and
- (11) misrepresentation of insurance policies.

48. Defendant engaged in unfair settlement practices with respect to Plaintiff's claim and violated Tex. Ins. Code. Section 541.060 *et. Seq.*

- (1) misrepresenting to a claimant a material fact or policy provision relating to coverage at issue;
- (2) failing to attempt in good faith to effectuate a prompt, fair, and equitable settlement of:
  - A) a claim with respect to which the insurer's liability has become reasonably clear; or
  - (B) a claim under one portion of a policy with respect to which the insurer's liability has become reasonably clear to influence the claimant to settle another claim under another portion of the coverage unless payment under one portion of the coverage constitutes evidence of liability under another portion;
- (3) failing to promptly provide to a policyholder a reasonable explanation of the basis in the policy, in relation to the facts or applicable law, for the insurer's denial of a claim or offer of a compromise settlement of a claim;
- (4) failing within a reasonable time to:
  - (A) affirm or deny coverage of a claim to a policyholder; or
  - (B) submit a reservation of rights to a policyholder;

(5) refusing, failing, or unreasonably delaying a settlement offer under applicable first-party coverage on the basis that other coverage may be available or that third parties are responsible for the damages suffered, except as may be specifically provided in the policy;

(6) undertaking to enforce a full and final release of a claim from a policyholder when only a partial payment has been made, unless the payment is a compromise settlement of a doubtful or disputed claim;

(7) refusing to pay a claim without conducting a reasonable investigation with respect to the claim;

49. Defendant misrepresented the insurance policy to the Plaintiff and is in violation of Tex. Ins. Code Sec. 541.061 et seq.

(1) making an untrue statement of material fact;

(2) failing to state a material fact necessary to make other statements made not misleading, considering the circumstances under which the statements were made;

(3) making a statement in a manner that would mislead a reasonably prudent person to a false conclusion of a material fact;

(4) making a material misstatement of law; or

(5) failing to disclose a matter required by law to be disclosed, including failing to make a disclosure in accordance with another provision of this code.

50. Defendant's unfair settlement practice, as described above, of failing to attempt in good faith to effectuate a prompt, fair, and equitable settlement of the claims, even though Defendant's liability under the policy was reasonably clear, constitutes an unfair method of competition and an unfair and deceptive act or practice in the business of insurance. Tex. Ins. Code Sections 541.051, 541.060 and 541.061.

51. Defendant's unfair settlement practice, as described above, of failing to promptly provided Plaintiff with a reasonable explanation of the basis in the policy, in relation to the facts or applicable law, for its offer of a compromise settlement of the claims, constitutes an unfair

method of competition and an unfair and deceptive act or practice in the business of insurance. Tex. Ins. Code Ann. Sections 541.051, 541.060 and 541.061.

52. Defendant's unfair settlement practice, as described above, of failing within a reasonable time to affirm or deny coverage of the Plaintiff's claims or to submit a reservation of rights to Plaintiff, constitutes an unfair method of competition and an unfair and deceptive act or practice in the business of insurance, Tex. Ins. Code Sections 541.051, 541.060 and 541.061.

53. Defendant's unfair settlement practice, as described above, of refusing not to pay Plaintiff's claims without conducting a reasonable investigation, constitutes an unfair method of competition and unfair and deceptive act or practice in the business of insurance. Tex. Ins. Code Sections 541.051, 541.060 and 541.061.

**COUNT III - NON-COMPLIANCE WITH TEXAS INSURANCE CODE**  
**CHAPTER 542: "THE PROMPT PAYMENT OF CLAIMS ACT"**

54. Defendant's conduct constitutes multiple violations of the Texas Prompt Payment of Claims Act. Tex. Ins. Code Chapter 542. All violations made under this article are made actionable by Tex. Ins. Code Section 542.060.

55. Defendant is an entity that is required to comply with Tex. Ins. Code Section 542.052 *et seq.*

56. Defendant's failure, as described above, to acknowledge receipt of Plaintiff's claims, commence investigation of the claims, and request from Plaintiff all items, statements, and forms that they reasonable believed would be required within the applicable time constraints, constitutes a non-payment of the claims. Tex. Ins. Code Section 542.055 - 542.060.

57. Defendant's delay of payment of Plaintiff's claims, as described above, following its receipt of all items, statements, and forms reasonably requested and required, longer than the

amount of time provided for, constitutes a non-prompt payment of the claims, Tex. Ins. Code Sections 542.055 - 542.060.

**COUNT IV – VIOLATIONS OF TEXAS DECEPTIVE TRADE PRACTICES ACT**

58. Plaintiff brings forth each and every cause of action alleged above under the Texas Deceptive Trade Practices Act pursuant to its tie-in provision.

59. At all material times hereto, Plaintiff was a consumer who purchased insurance products and services from Defendant.

60. Defendant has violated the Texas Deceptive Trade Practices Act in the following manners:

(1) Representing that the agreement confers or involves rights, remedies, or obligations which it does not have, or involve, or which are prohibited by law;

(2) Failing to disclose information concerning goods or services which was known at the time of the transaction when such failure to disclose such information was intended to induce the consumer into a transaction that the consumer would not have entered into had the information been disclosed;

(3) Engaging in an unconscionable course of conduct.

(4) At all material times hereto, Plaintiff was a consumer of insurance services or products of Defendant, and Plaintiff would show that Defendant's violations as set forth above, constitute a violation of the Texas Deceptive Trade Practices Act, causing Plaintiff damages.

(5) By accepting insurance premiums but refusing without a reasonable basis to pay benefits due and owing, Defendant has engaged in an unconscionable action or course of action as prohibited by the DTPA sec. 17.50(a)(1)(3) in that Defendant took advantage of Plaintiff's lack of knowledge, ability, experience, and capacity to a grossly unfair degree, that also resulted in a gross disparity between the consideration paid in the transaction and the value received, in violation of Chap. 541, Texas Insurance Code.



**COUNT V - BREACH OF COMMON LAW**  
**DUTY OF GOOD FAITH AND FAIR DEALING**

61. Defendant's conduct, as described above, constitutes a breach of the common law duty of good faith and fair dealing owed to its insured pursuant to the insurance contract.

62. Defendant's conduct, as described above, was in direct contradiction of the applicable industry standards of good faith and fair dealing.

63. Defendant's failure, as described above, to adequately and reasonably investigate, evaluate, and pay the benefits owed under the insurance contract, knowing full well through the exercise of reasonable diligence that its liability was reasonably clear, resulted in a breach of the duty of good faith and fair dealing.

**I. KNOWLEDGE AND INTENT**

64. Each of the acts described above, together and singularly, was done "knowingly" and "intentionally" and was a producing cause of Plaintiff's damages described herein.

**J. DAMAGES AND PRAYER**

65. **WHEREFORE, PREMISES CONSIDERED**, Plaintiff, herein, complains of Defendant and prays that Defendant be cited to appear and answer and that on a final trial on the merits, Plaintiff recovers from Defendant, the following:

66. Plaintiff would show that all of the aforementioned acts, taken together or singularly, constitute the proximate and/or producing causes of damages sustained by Plaintiff.

67. For breach of contract by Defendant, Plaintiff is entitled to regain the benefit of its bargain, which is the amount of the claims, together with attorney's fees, Pursuant to Tex. Civ. & Rem. Code Sec. 38.01 *et seq.*

68. For noncompliance with the Texas Unfair Competition and Unfair Practices Act by Defendant, Plaintiff is entitled to actual damages, which include the loss of the benefits that should have been paid pursuant to the policy, including but not limited to direct and indirect consequential damages, mental anguish, court costs and attorney's fees. For knowing conduct of the acts complained of, Plaintiff asks for three times its actual damages, Pursuant to Tex. Ins. Code Ann. Section 541.152 *et seq.*

69. For noncompliance with *Texas Prompt Payment of Claims Act* by Defendant, Plaintiff is entitled to the amount of its claims, as well as eighteen (18) percent interest per annum post judgment interest, as allowed by law, and for any other further relief, either at law or in equity, to which it may show itself to be justly entitled, Pursuant to Tex. Ins. Code Sec. 542.058 *et seq.* and 542.060 *et seq.*

70. For violation of the Texas Deceptive Trade Practices Act by Defendant, Plaintiff is entitled to actual damages, which include the loss of the benefits that should have been paid pursuant to the policy, including but not limited to direct and indirect consequential damages, mental anguish, court costs and attorney's fees. For knowing conduct of the acts complained of, Plaintiff asks for three times its actual damages, Pursuant to Tex. Ins. Code Ann. Section 17.50(b)(1).

71. For violation of the Common Law Duty of Good Faith and Fair Dealing by Defendant, Plaintiff is entitled to actual damages, direct and indirect consequential damages, mental anguish, and exemplary damages.

72. The denial and/or wrongful delay to provide Plaintiff with the insurance benefits by Defendant was apparently part of a common plan, routine, scheme, and design calculated to deny insurance benefits to policyholders.

73. In order to punish Defendant and to set an example and thereby prevent other policyholders from being treated in this manner, exemplary damages should be awarded. Accordingly, Plaintiff seeks exemplary damages in an amount the jury deems appropriate to accomplish these goals.

**K. JURY DEMAND**

74. Plaintiff respectfully demands a trial by jury.

**L. REQUEST FOR DISCLOSURE**

75. Pursuant to Rule 194, you are requested to disclose, within **fifty (50)** days of service of this request, the information or material requested in Rule 194.2(a)-(l).

Respectfully submitted,

**MOORE LAW GROUP**

BY: /s/ Nyanza L. Moore  
NYANZA L. MOORE  
Texas Bar. No. 24012038  
MOORE LAW GROUP  
2616 South Loop West, Suite 430  
Houston, Texas 77054  
Telephone: (713) 665.8000  
Facsimile: (713) 583.0876  
nmoore@moorelawgroups.com

**ATTORNEY FOR PLAINTIFF  
ARLINGTON CAREER INSTITUTE**

EXHIBIT

A

39 This **Spectrum Policy** consists of the Declarations, Coverage Forms, Common Policy Conditions and any  
 52 other Forms and Endorsements issued to be a part of the Policy. This insurance is provided by the stock  
 BC insurance company of The Hartford Insurance Group shown below.  
 SBA

**INSURER:** HARTFORD LLOYDS INSURANCE COMPANY  
 785 GREENS PARKWAY, SUITE 200, HOUSTON, TX 77067  
**COMPANY CODE:** B

**Policy Number:** 46 SBA BC5239 DX



## SPECTRUM POLICY DECLARATIONS

**Named Insured and Mailing Address:** ARLINGTON CAREER INSTITUTE  
 (No., Street, Town, State, Zip Code)

901 AVENUE K  
 GRAND PRAIRIE TX 75050

**Policy Period:** From 10/01/11 To 10/01/12 1 YEAR  
 12:01 a.m., Standard time at your mailing address shown above. **Exception:** 12 noon in New Hampshire.

**Name of Agent/Broker:** HEARTLAND MARKETING GROUP INC  
**Code:** 504623

**Previous Policy Number:** 46 SBA BC5239

**Named Insured is:** CORPORATION

**Audit Period:** NON-AUDITABLE

**Type of Property Coverage:** SPECIAL

**Insurance Provided:** In return for the payment of the premium and subject to all of the terms of this policy, we agree with you to provide insurance as stated in this policy.

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**TOTAL ANNUAL PREMIUM IS:** \$10,342

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Countersigned by

*Christine R. Gier*

Authorized Representative

09/01/11  
 Date

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**SPECTRUM POLICY DECLARATIONS (Continued)**

**POLICY NUMBER:** 46 SBA BC5239

Location(s), Building(s), Business of Named Insured and Schedule of Coverages for Premises as designated by Number below.

**Location:** 001      **Building:** 001

901 AVE. K.  
GRAND PRAIRIE TX 75050

**Description of Business:**

SCHOOL - COURT REPORTING

**Deductible:** \$ 1,000 PER OCCURRENCE

**BUILDING AND BUSINESS PERSONAL PROPERTY LIMITS OF INSURANCE**

**BUILDING**

REPLACEMENT COST	\$ 5,622,700
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**BUSINESS PERSONAL PROPERTY**

REPLACEMENT COST	\$ 1,180,000
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**PERSONAL PROPERTY OF OTHERS**

REPLACEMENT COST	NO COVERAGE
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**MONEY AND SECURITIES**

INSIDE THE PREMISES	\$ 10,000
OUTSIDE THE PREMISES	\$ 5,000

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**SPECTRUM POLICY DECLARATIONS (Continued)**

**POLICY NUMBER:** 46 SBA BC5239

Location(s), Building(s), Business of Named Insured and Schedule of Coverages for Premises as designated by Number below.

**Location:** 001      **Building:** 001

**PROPERTY OPTIONAL COVERAGES APPLICABLE LIMITS OF INSURANCE  
TO THIS LOCATION**

STRETCH FOR SCHOOLS  
FORM: SS 40 42  
THIS FORM INCLUDES MANY ADDITIONAL  
COVERAGES AND EXTENSIONS OF  
COVERAGES. A SUMMARY OF THE  
COVERAGE LIMITS IS ATTACHED.

LIMITED FUNGI, BACTERIA OR VIRUS      \$    50,000  
COVERAGE:

FORM SS 40 93  
THIS IS THE MAXIMUM AMOUNT OF  
INSURANCE FOR THIS COVERAGE,  
SUBJECT TO ALL PROPERTY LIMITS  
FOUND ELSEWHERE ON THIS  
DECLARATION.  
INCLUDING BUSINESS INCOME AND EXTRA  
EXPENSE COVERAGE FOR:

30 DAYS

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**SPECTRUM POLICY DECLARATIONS (Continued)**

**POLICY NUMBER:** 46 SBA BC5239

**PROPERTY OPTIONAL COVERAGES APPLICABLE LIMITS OF INSURANCE  
TO ALL LOCATIONS**

**BUSINESS INCOME AND EXTRA EXPENSE  
COVERAGE  
COVERAGE INCLUDES THE FOLLOWING  
COVERAGE EXTENSIONS:**

12 MONTHS ACTUAL LOSS SUSTAINED

**ACTION OF CIVIL AUTHORITY:  
EXTENDED BUSINESS INCOME:**

30 DAYS  
30 CONSECUTIVE DAYS

**EQUIPMENT BREAKDOWN COVERAGE  
COVERAGE FOR DIRECT PHYSICAL LOSS  
DUE TO:  
MECHANICAL BREAKDOWN,  
ARTIFICIALLY GENERATED CURRENT  
AND STEAM EXPLOSION**

**THIS ADDITIONAL COVERAGE INCLUDES  
THE FOLLOWING EXTENSIONS**

HAZARDOUS SUBSTANCES	\$ 50,000
EXPEDITING EXPENSES	\$ 50,000

**MECHANICAL BREAKDOWN COVERAGE ONLY  
APPLIES WHEN BUILDING OR BUSINESS  
PERSONAL PROPERTY IS SELECTED ON  
THE POLICY**

<b>IDENTITY RECOVERY COVERAGE FORM SS 41 12</b>	<b>\$ 15,000</b>
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BUSINESS LIABILITY	LIMITS OF INSURANCE
LIABILITY AND MEDICAL EXPENSES	\$1,000,000
MEDICAL EXPENSES - ANY ONE PERSON	\$ 10,000
PERSONAL AND ADVERTISING INJURY	\$1,000,000
DAMAGES TO PREMISES RENTED TO YOU ANY ONE PREMISES	\$ 300,000
AGGREGATE LIMITS	
PRODUCTS-COMPLETED OPERATIONS	\$2,000,000
GENERAL AGGREGATE	\$2,000,000
EMPLOYMENT PRACTICES LIABILITY COVERAGE: FORM SS 09 01	
EACH CLAIM LIMIT	\$ 5,000
DEDUCTIBLE - EACH CLAIM LIMIT NOT APPLICABLE	
AGGREGATE LIMIT	\$ 5,000
RETROACTIVE DATE: 02152003	

This **Employment Practices Liability Coverage** contains claims made coverage. Except as may be otherwise provided herein, specified coverages of this insurance are limited generally to liability for injuries for which claims are first made against the insured while the insurance is in force. Please read and review the insurance carefully and discuss the coverage with your Hartford Agent or Broker.

The Limits of Insurance stated in this Declarations will be reduced, and may be completely exhausted, by the payment of "defense expense" and, in such event, The Company will not be obligated to pay any further "defense expense" or sums which the insured is or may become legally obligated to pay as "damages".

BUSINESS LIABILITY OPTIONAL  
COVERAGES

UMBRELLA LIABILITY - SEE  
SCHEDULE ATTACHED

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**SPECTRUM POLICY DECLARATIONS (Continued)**

**POLICY NUMBER:** 46 SBA BC5239

**Form Numbers of Forms and Endorsements that apply:**

SS 00 01 04 93	SS 00 05 12 06	SS 00 07 07 05	SS 00 08 04 05
SS 84 52 09 07	SS 40 56 04 05	SS 04 19 07 05	SS 04 22 07 05
SS 04 30 07 05	SS 04 39 07 05	SS 04 41 04 09	SS 04 45 07 05
SS 04 46 10 08	SS 04 47 04 09	SS 40 18 07 05	SS 40 42 09 07
SS 40 53 07 05	SS 40 93 07 05	SS 41 12 12 07	SS 41 51 10 09
SS 05 21 04 05	SS 05 47 09 01	SS 50 57 04 05	SS 09 01 10 08
SS 09 42 07 99	SS 10 11 05 11	SS 10 23 04 01	SS 50 19 01 08
IH 99 40 04 09	IH 99 41 04 09	SX 80 01 06 97	SS 38 25 12 07
SS 83 76 01 08			

## **COMMON POLICY CONDITIONS**

**QUICK REFERENCE - SPECTRUM POLICY**

**DECLARATIONS  
and  
COMMON POLICY CONDITIONS**

**I. DECLARATIONS**

Named Insured and Mailing Address  
Policy Period  
Description and Business Location  
Coverages and Limits of Insurance

**II. COMMON POLICY CONDITIONS**

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## COMMON POLICY CONDITIONS

All coverages of this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- a. 5 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy:

- (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:

- (a) Seasonal unoccupancy; or
- (b) Buildings in the course of construction, renovation or addition.

Buildings with 65% or more of the rental units or floor area vacant or unoccupied are considered unoccupied under this provision.

- (2) After damage by a Covered Cause of Loss, permanent repairs to the building:

- (a) Have not started; and
- (b) Have not been contracted for, within 30 days of initial payment of loss.

- (3) The building has:

- (a) An outstanding order to vacate;
- (b) An outstanding demolition order; or
- (c) Been declared unsafe by governmental authority.

- (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.

- (5) Failure to:

- (a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or

- (b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

- b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

- c. 30 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

5. If this policy is canceled, we will send the first Named Insured any premium refund due. Such refund will be pro rata. The cancellation will be effective even if we have not made or offered a refund.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.

7. If the first Named Insured cancels this policy, we will retain no less than \$100 of the premium.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

**COMMON POLICY CONDITIONS****C. Concealment, Misrepresentation Or Fraud**

This policy is void in any case of fraud by you as it relates to this policy at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This policy;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this policy.

**D. Examination Of Your Books And Records**

We may examine and audit your books and records as they relate to the policy at any time during the policy period and up to three years afterward.

**E. Inspections And Surveys**

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of any person. And we do not represent or warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

**F. Insurance Under Two Or More Coverages**

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

**G. Liberalization**

If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

**H. Other Insurance - Property Coverage**

If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

**I. Premiums**

1. The first Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
- b. Will be the payee for any return premiums we pay.

2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. If applicable, on each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:

- a. Paid to us prior to the anniversary date; and
- b. Determined in accordance with Paragraph 2. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.

4. Changes in exposures or changes in your business operation, acquisition or use of locations that are not shown in the Declarations may occur during the policy period. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

**J. Transfer Of Rights Of Recovery Against Others To Us**

Applicable to Property Coverage:

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property.
2. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance;
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you; or

**c. Your tenant.**

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers.

This will not restrict your insurance.

**K. Transfer Of Your Rights And Duties Under This Policy**

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

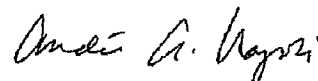
**L. Premium Audit**

- a. We will compute all premiums for this policy in accordance with our rules and rates.
- b. The premium amount shown in the Declarations is a deposit premium only. At the close of each audit period we will compute the earned premium for that period. Any additional premium found to be due as a result of the audit are due and payable on notice to the first Named Insured. If the deposit premium paid for the policy term is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must maintain all records related to the coverage provided by this policy and necessary to finalize the premium audit, and send us copies of the same upon our request.

Our President and Secretary have signed this policy. Where required by law, the Declarations page has also been countersigned by our duly authorized representative.



Terence Shields, Secretary



André A. Napoli, President

## **SPECIAL PROPERTY COVERAGE FORM**



## QUICK REFERENCE

### SPECIAL PROPERTY COVERAGE FORM READ YOUR POLICY CAREFULLY

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## SPECIAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties, and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we," "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to the SECTION G - PROPERTY DEFINITIONS.

### A. COVERAGE

We will pay for direct physical loss of or physical damage to Covered Property at the premises described in the Declarations (also called "scheduled premises" in this policy) caused by or resulting from a Covered Cause of Loss.

#### 1. Covered Property

Covered Property as used in this policy, means the following types of property for which a Limit of Insurance is shown in the Declarations:

- a. **Buildings**, meaning only building(s) and structure(s) described in the Declarations, including:
  - (1) Completed additions;
  - (2) Permanently installed:
    - (a) Fixtures;
    - (b) Machinery; and
    - (c) Equipment;
  - (3) Outdoor fixtures;
  - (4) Your personal property in apartments, rooms or common areas furnished by you as landlord;
  - (5) Building Glass, meaning glass that is part of a building or structure;
  - (6) Personal property owned by you that is used to maintain or service the buildings or structures on the premises, including:
    - (a) Fire extinguishing equipment;
    - (b) Outdoor furniture;
    - (c) Floor coverings; and
    - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering; and
  - (7) If not covered by other insurance:
    - (a) Additions under construction, alterations and repairs to the buildings or structures;

- (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the "scheduled premises", used for making additions, alterations or repairs to the buildings or structures.

- b. **Business Personal Property** located in or on the building(s) described in the Declarations at the "scheduled premises" or in the open (or in a vehicle) within 1,000 feet of the "scheduled premises", including:

- (1) Property you own that is used in your business;
- (2) Tools and equipment owned by your employees, which are used in your business operations;
- (3) Property of others that is in your care, custody or control;
- (4) "Tenant Improvements and Betterments"; and
- (5) Leased personal property for which you have contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

#### 2. Property Not Covered

Covered Property does not include:

- a. Aircraft, automobiles, motor trucks and other vehicles subject to motor vehicle registration;
- b. Automobiles held for sale;
- c. "Money", bullion, numismatic and philatelic property and bank notes or "securities" except as provided in any Additional Coverages or Optional Coverages. Lottery tickets held for sale and postage stamps in current use and having face value are not "securities".
- d. Contraband, or property in the course of illegal transportation or trade;

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- e. Land (including land on which the property is located), water, growing crops or lawns;
- f. Outdoor fences, radio or television antennas (including satellite dishes), including their lead in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than those held for sale or sold but not delivered), except as any of these may be provided in the:

- (1) Outdoor Property Coverage Extension; or

- (2) Outdoor Signs Optional Coverage;

- g. Watercraft (including motors, equipment and accessories) while afloat;
- h. The cost to research, replace or restore the information on "valuable papers and records", except as may be provided in any Coverage Extensions or Optional Coverages.
- i. "Data" and "software" which exists on electronic "media" including the cost to research, replace or restore them, except as may be provided for in any Additional Coverages or Optional Coverages.
- j. Accounts, bills, food stamps, other evidences of debt, accounts receivable or "valuable papers and records"; except as otherwise provided for in this policy.

**3. Covered Causes of Loss**

RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

- a. Excluded in Section B., **EXCLUSIONS**; or
- b. Limited in Paragraph A.4. Limitations; that follow.

**4. Limitations**

- a. We will not pay for direct loss of or damage to:

- (1) Property that is missing, where the only evidence of the direct physical loss or physical damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to the Additional Coverage for "Money" and "Securities".
- (2) Property that has been transferred to a person or to a place outside the "scheduled premises" on the basis of unauthorized instructions.
- (3) The interior of any building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
  - (a) The building or structure first sustains physical damage by a

Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

- (b) The direct physical loss or physical damage is caused by or results from thawing of snow, sleet, or ice on the building or structure.

- b. Pets and animals are covered only if:

- (1) They are inside the building; and

- (2) They are owned by others and boarded by you, or owned by you and held for sale or sold but not delivered.

And then we will pay only if they are killed, stolen, or their destruction is made necessary by a "specified cause of loss".

- c. For direct physical loss or physical damage by "theft", the following types of property are covered only up to the limits shown:

- (1) \$2,500 for furs, fur garments and garments trimmed with fur;

- (2) \$5,000 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$500 or less per item;

- (3) \$2,500 for patterns, dies, molds and forms; and

- (4) \$500 for stamps, lottery tickets held for sale and letters of credit.

- d. Unless specifically provided under a separate endorsement and with a specific Limit of Insurance indicated in the Declarations, we will not pay for direct physical loss of or physical damage to "perishable stock" caused by or resulting from:

- (1) A change in temperature or humidity resulting from:

- (a) Mechanical breakdown or failure of:

- (i) Stationary heating plants; or

- (ii) Refrigerating, cooling, or humidity control apparatus or equipment;

- (b) Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires; or

- (c) Complete or partial failure of electric power on your "scheduled premises".

- (2) Contamination by refrigerant.

**5. Additional Coverages****a. Collapse****(1) With respect to Buildings:**

- (a)** Collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building cannot be occupied for its intended purpose;
- (b)** A building or any part of a building that is in danger of falling down or caving in is not considered to be in a state of collapse;
- (c)** A part of a building that is standing is not considered to be in a state of collapse even if it has separated from another part of the building;
- (d)** A building that is standing or any part of a building that is standing is not considered to be in a state of collapse even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage, or expansion.

**(2) We will pay for direct physical loss or physical damage caused by or resulting from risks of collapse of a building or any part of a building that is insured by this policy caused only by one or more of the following:**

- (a)** "Specified cause of loss" or breakage of building glass, if such loss or breakage was covered by this policy;
- (b)** Decay that is hidden from view, unless the presence of such decay was known to an insured prior to collapse;
- (c)** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- (d)** Weight of people or personal property;
- (e)** Weight of rain that collects on a roof; and
- (f)** Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

The criteria set forth in Paragraphs **(1)(a)** through **(1)(d)** do not limit the coverage otherwise provided under this Additional Coverage for the Causes of Loss listed in Paragraph **(2)(a)**, **(2)(d)**, and **(2)(e)**.

**(3) If the collapse is caused by a Covered Cause of Loss listed in Paragraphs **(2)(b)** through **(2)(f)**, we will pay for direct physical loss of or physical damage to the property listed below, but only if such physical loss or physical damage is a direct result of the collapse of a building insured under this policy, and the property is property covered under this policy:**

- (a)** Awnings; gutters and downspouts; yard fixtures; outdoor swimming pools; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways and other paved surfaces.

**(4) If personal property abruptly falls down or caves in and such collapse is not the result of collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if**

- (a)** The collapse was caused by a cause of loss listed in Paragraphs **(2)(a)** through **(2)(f)** of this Additional Coverage;
- (b)** The personal property which collapses is inside a building; and
- (c)** The property which collapses is not of a kind listed in Paragraph **(3)** above, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **(4)** does not apply to personal property if marring or scratching is the only damage to that personal property caused by the collapse.

Collapse of personal property does not mean cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

**(5) This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this policy.**

**b. Debris Removal**

- (1) We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

(a) The date of direct physical loss or physical damage; or

(b) The end of the policy period.

- (2) The most we will pay under this additional Coverage is 25% of the amount we pay for the direct loss of or physical damage to Covered Property plus the deductible in this policy applicable to that physical loss or physical damage.

But this limitation does not apply to any additional Debris Removal limit provided in the Limits of Insurance section.

- (3) This Additional Coverage does not apply to costs to:

(a) Extract "pollutants and contaminants" from land; or

(b) Remove, restore or replace polluted or contaminated land or water.

**c. Equipment Breakdown**

- (1) We will pay for direct physical loss or physical damage caused by or resulting from an Equipment Breakdown Accident to Equipment Breakdown Property.

Equipment Breakdown Accident means:

(a) Mechanical breakdown, including rupture or bursting caused by centrifugal force.

(b) Artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires.

(c) Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control.

(d) Physical loss or physical damage to steam boilers, steam pipes, steam engines or steam turbines

caused by or resulting from any condition or event inside such boilers or equipment.

- (e) Physical loss or physical damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

Equipment Breakdown Property means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.

The following is not Equipment Breakdown Property:

(a) Any structure, foundation, cabinet, compartment or air supported structure building;

(b) Any insulating or refractory material;

(c) Any sewer piping, any underground vessels or piping, any piping forming a part of a sprinkler system, water piping other than boiler feed water piping, boiler condensate return piping, or water piping forming a part of a refrigerating or air conditioning system;

(d) Any vehicle or any equipment mounted on a vehicle. As used here, vehicle means any machine or apparatus that is used for transportation or moves under its own power. Vehicle includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a "scheduled premises" and that receives electrical power from an external power source will not be considered a vehicle.

(e) Any equipment manufactured by you for sale.

**(2) Coverage Extensions**

The following coverage extensions apply only to direct physical loss or physical damage caused by or resulting from an Equipment Breakdown Accident:

**(a) Hazardous Substances**

We will pay in any one occurrence for the additional cost, not to exceed \$50,000, to repair or replace Covered Property because of contamination by a hazardous substance. This includes the expenses to clean up or dispose of such property. Hazardous substance means any substance that is hazardous to human health or that has been declared by a government agency to be hazardous to human health.

Additional cost in this extension means those beyond what would have been required had no hazardous substance been involved.

This limit is part of and not in addition to the Limits of Insurance for Covered Property.

**(b) Expediting Expenses**

With respect to your damaged Covered Property, we will pay in any one occurrence, up to \$50,000, for the reasonable and necessary additional expenses you incur to:

- (i) Make temporary repairs; or
- (ii) Expedite permanent repairs or permanent replacement.

**(c) Defense**

If a claim or "suit" is brought against you alleging that you are liable for damage to property of another in your care, custody or control directly caused by Equipment Breakdown we will either:

- (i) Settle the claim or "suit"; or
- (ii) Defend you against the claim or "suit," but keep for ourselves the right to settle it at any point.

**(d) Supplementary Payments**

We will pay, with respect to any claim or "suit" we defend:

- (i) All expenses we incur;
- (ii) The cost of bonds to release attachments, but only for bond

amounts within the Limit of Insurance. We do not have to furnish these bonds;

- (iii) All reasonable expenses incurred by you at our request to assist us in the investigation or defense of the claim or "suit" including actual loss of earnings up to \$100 a day because of time off from work;
- (iv) All costs taxed against you in any "suit" we defend;
- (v) Prejudgment interest awarded against you on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer; and
- (vi) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the Limit of Insurance shown in the Declarations.

These payments will not reduce the Limit of Insurance shown in the Declarations.

**(e) Business Income and Extra Expense Extension**

The Business Income and Extra Expense Additional Coverages are extended to provide coverage for a tenant who has a loss of income from the lack of heating, cooling or power as a result of equipment breakdown to mechanical, electrical or pressure equipment of the building owner.

- (f) If Equipment Breakdown Property requires replacement due to an Equipment Breakdown Accident, we will pay your additional cost to replace it with equipment that is better for the environment, safer or more efficient than the equipment being replaced. However, we will not pay more than 125% of what the cost would have been to repair or replace with property of

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comparable material and quality. This coverage does not increase any of the applicable limits. This coverage does not apply to any property indicated as being valued on an Actual Cash Value basis.

If you wish to retrofit air conditioning or refrigeration equipment that utilizes a refrigerant containing CFC (chlorofluorocarbon) substances to accept a non-CFC refrigerant or replace the system with a system using a non-CFC refrigerant, we will consider this better for the environment. Any associated Business Income or Extra Expense will be included in determining the additional cost, if Business Income and Extra Expense apply to this policy.

**(3) Additional Condition - Bankruptcy**

The bankruptcy or insolvency of you or your estate will not relieve us of any obligation under this Additional Coverage.

**(4) Jurisdictional Inspections:**

If any boiler or pressure vessel requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

**d. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$25,000 in any one occurrence for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

**e. Fire Extinguisher Recharge**

We will pay to cover your expenses for recharge of your hand fire extinguishers when they are emptied while fighting fire.

**f. Forgery**

- (1) We will pay for loss resulting directly from forgery or alteration of any check, draft, promissory note, or similar written promises, orders or directions to pay a sum certain in "money" that you or your

agent has issued, or that was issued by someone who impersonates you or your agent. This includes written instruments required in conjunction with any credit, debit, or charge card issued to you or any "employee" for business purposes.

- (2) If you are sued for refusing to pay any Covered Instrument on the basis that it has been forged or altered, and you have our written consent to defend against the "suit", we will pay for any reasonable expenses that you incur and pay in that defense.

- (3) We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

- (a) Money orders, including counterfeit money orders, of any United States or Canadian post office, express company or national or state (or Canadian) chartered bank that are not paid upon presentation; and

- (b) Counterfeit United States or Canadian paper currency.

- (4) The most we will pay in any one occurrence, including legal expenses, under this Additional Coverage is \$5,000, unless a higher Limit of Insurance is shown in the Declarations.

**g. Glass Expense**

We will pay for necessary expenses incurred to:

- (1) Put up temporary plates or board up openings if repair or replacement of damaged glass is delayed;
- (2) Repair or replace encasing frames; and
- (3) Remove or replace obstructions when repairing or replacing glass that is part of a building.

This does not include removing or replacing window displays.

**h. Lock and Key Replacement**

We will pay up to \$1,000 in any one occurrence for the re-keying of locks or the repair or replacement of locks at "scheduled premises" following the theft or the attempted theft of keys by burglars.

**i. Money and Securities**

- (1) We will pay for loss of "money" and "securities" used in your business while

at a bank or savings institution, within your living quarters or the living quarters of your partners or any employee having use and custody of the property, at the "scheduled premises", or in transit between any of these places, resulting directly from:

- (a) "Theft";
  - (b) Disappearance; or
  - (c) Destruction.
- (2) In addition to the Limitations and Exclusions applicable to property coverage, we will not pay for loss:
- (a) Resulting from accounting or arithmetical errors or omissions;
  - (b) Due to the giving or surrendering of property in any exchange or purchase; or
  - (c) Of property contained in any "money"-operated device unless a continuous recording instrument in the device records the amount of "money" deposited in the "money"-operated device.
- (3) The most we will pay for loss in any one occurrence is:
- (a) The limit shown in the Declarations for Inside the Premises for "money" and "securities" while:
    - (i) In or on the "scheduled premises"; or
    - (ii) Within a bank or savings institution; and
  - (b) The limit shown in the Declarations for Outside the Premises for "money" and "securities" while anywhere else.
- (4) All loss:
- (a) Caused by one or more persons; or
  - (b) Involving a single act or series of related acts;
- is considered one occurrence.
- (5) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

**j. Ordinance or Law**

- (1) If a Covered Cause of Loss occurs to covered Building property, we will pay on a "scheduled premises" any of the following costs that are caused by enforcement of an ordinance or law:

**Undamaged Part**

- (a) For loss to the undamaged portion of the Building that requires the demolition of parts of the same property not damaged by a Covered Cause of Loss provided that any such ordinance or law resulting in this type of loss:
- (i) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the "scheduled premises"; and
  - (ii) Is in force at the time of the loss.

The most we will pay in any one occurrence for this coverage is \$25,000 as a Limit of Insurance.

**Demolition Cost**

- (b) The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of a building, zoning or land use ordinance or law.

The most we will pay in any one occurrence for this coverage is \$25,000 as a Limit of Insurance.

**Increased Cost of Construction**

- (c) The increased cost to repair, rebuild or reconstruct the covered property, caused by enforcement of a building, zoning or land use ordinance or law.

The most we will pay in any one occurrence for this coverage is \$25,000 as a Limit of Insurance.

**"Tenants Improvements and Betterment"**

- (d) The increased cost to repair, rebuild or reconstruct "tenant's improvements and betterments" caused by enforcement of building, zoning or land use ordinance or law.

The most we will pay in any one occurrence for this coverage is \$25,000 as a Limit of Insurance.

**(2) Additional Exclusions**

We will not pay under this Additional Coverage for:

- (a) The enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or



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remediation of property due to contamination by "pollutants and contaminants" or due to the presence, growth, proliferation, spread of any activity of "fungi", wet or dry rot, bacteria or virus; or

- (b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants or contaminants", "fungi", wet or dry rot, bacteria or virus.

- (c) Loss caused by, resulting from, contributed to or aggravated by earthquake or volcanic eruption.

- (d) Loss due to an ordinance or law that:

- (i) You were required to comply with before the loss even if the building was undamaged; and

- (ii) You failed to comply with.

**(3) Additional Limitations – Loss to Undamaged Portion of Building**

Subject to the limit stated in Paragraph **A.5.j.(1)(a)**, the insurance provided under this Additional Coverage for loss in value to the undamaged portion of the building is limited as follows:

- (a) If Replacement Cost applies and the property is repaired or replaced on the same or another premises, we will not pay more for physical loss of or physical damage to designated Building property, including loss caused by enforcement of an ordinance or law, than:

- (i) The amount you actually spend to repair, rebuild or reconstruct the Building, but not for more than the amount it would cost to restore the Building on the same premises; and

- (ii) The amount it would cost to restore the undamaged portion to the same height, floor area, style and comparable quality of the original property insured.

- (b) If the Building(s) Full Value Endorsement applies and the property is repaired or replaced on the same or another premises, we will not pay more for physical loss of or physical damage to designated Building property, including loss caused by enforcement of an ordinance or law, than:

- (i) The amount you actually spend to repair, rebuild or reconstruct the Building, but not for more than the amount it would cost to restore the Building on the same premises; and

- (ii) The amount it would cost to restore the undamaged portion to the same height, floor area, style and comparable quality of the original property insured.

- (c) If Replacement Cost or the Building(s) Full Value Endorsement applies and the property is not repaired or replaced, or if Actual Cash Value applies, then we will not pay more for physical loss of or physical damage to designated Building property, including loss caused by enforcement of an ordinance or law, than the lesser of:

- (i) The Actual Cash Value of the Building at the time of loss; or

- (ii) The Limit of Insurance applicable to the covered Building property stated in Paragraph **A.5.j.(1)(a)**.

**(4) Additional Limitation – Demolition Cost**

We will not pay more than the lesser of:

- (a) The amount actually spent to demolish and clear the site of the "scheduled premises"; or

- (b) The applicable Demolition Cost Limit of Insurance as stated in Paragraph **A.5.j.(1)(b)**.

**(5) Additional Limitation – Increased Cost of Construction**

The insurance provided under this Additional Coverage for increased cost of construction is limited as follows:

- (a) We will not pay:

- (i) Until the property is actually repaired or replaced, at the same or another premises; and
  - (ii) Unless the repairs or replacements are made as soon as reasonably possible after the physical loss or physical damage, not to exceed two years. We may extend this period in writing during the two years.
- (b) If the Building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay is the lesser of:
- (i) The increased cost of construction at the same premises; or
  - (ii) The applicable Increased Cost of Construction Limit of Insurance stated in Paragraph **A.5.j.(1)(c)**.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay is the lesser of:
- (i) The Increased Cost of Construction at the new premises; or
  - (ii) The applicable Increased Cost of Construction Limit of Insurance stated in Paragraph **A.5.j.(1)(c)**.

**k. "Pollutants and Contaminants" Clean Up and Removal**

We will pay your expense to extract "pollutants and contaminants" from land or water at the "scheduled premises" if the discharge, dispersal, seepage, migration, release or escape of the "pollutants and contaminants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (1) The date of direct physical loss or physical damage; or
- (2) The end of the policy period.

The most we will pay in any one occurrence for each location under this Additional Coverage is \$15,000 for the sum of all such expenses arising out of Covered Causes of Loss.

**l. Preservation of Property**

If it is necessary to move Covered Property from the "scheduled premises" to preserve it from direct physical loss or physical damage by a Covered Cause of Loss, we will pay for any direct physical loss of or physical damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the direct physical loss or physical damage occurs within 45 days after the property is first moved.

**m. Theft Damage to Building**

This Additional Coverage applies only to premises where you are a tenant and are responsible in the lease for physical loss or physical damage to the building you lease, rent, or occupy that is caused by or results from "theft", burglary or robbery.

We will pay for direct physical loss or physical damage directly resulting from "theft", burglary or robbery (except loss by fire or explosion) to a building:

- (1) You occupy, including personal property that is used to maintain or service the building; or
- (2) Containing covered personal property if you are legally liable for such physical loss or physical damage.

But we will not pay for such physical loss of or physical damage to property that is away from the "scheduled premises".

**n. Water Damage, Other Liquid, Powder or Molten Material Damage**

If direct physical loss or physical damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

We will not pay the cost to repair any defect that caused the direct physical loss or physical damage except as provided in paragraph **A.5.c., Equipment Breakdown** of this coverage form. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:

- (1) Results in discharge of any substance from an automatic fire protection system; or

(2) Is directly caused by freezing.

**o. Business Income**

(1) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or physical damage to property at the "scheduled premises", including personal property in the open (or in a vehicle) within 1,000 feet of the "scheduled premises", caused by or resulting from a Covered Cause of Loss.

(2) With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the "scheduled premises" are located, your "scheduled premises" also means:

(a) The portion of the building which you rent, lease or occupy; and

(b) Any area within the building or on the site at which the "scheduled premises" are located, but only if that area services, or is used to gain access to, the "scheduled premises".

(3) We will only pay for loss of Business Income that occurs within 12 consecutive months after the date of direct physical loss or physical damage.

This Additional Coverage is not subject to the Limits of Insurance.

(4) Business Income means the:

(a) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred if no direct physical loss or physical damage had occurred; and

(b) Continuing normal operating expenses incurred, including payroll.

(5) With respect to the coverage provided in this Additional Coverage, suspension means:

(a) The partial slowdown or complete cessation of your business activities; or

(b) That part or all of the "scheduled premises" is rendered untenantable as a result of a Covered Cause of Loss if coverage for Business Income applies to the policy.

**p. Extra Expense**

(1) We will pay reasonable and necessary Extra Expense you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or physical damage to property at the "scheduled premises", including personal property in the open (or in a vehicle) within 1,000 feet, caused by or resulting from a Covered Cause of Loss.

(2) With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the "scheduled premises" are located, your "scheduled premises" also means:

(a) The portion of the building which you rent, lease or occupy; and

(b) Any area within the building or on the site at which the "scheduled premises" are located, but only if that area services, or is used to gain access to, the "scheduled premises".

(3) Extra Expense means expense incurred:

(a) To avoid or minimize the suspension of business and to continue "operations":

(i) At the "scheduled premises"; or

(ii) At replacement premises or at temporary locations, including:

(aa) Relocation expenses; and

(bb) Cost to equip and operate the replacement or temporary location, other than those costs necessary to repair or to replace damaged stock and equipment.

(b) To minimize the suspension of business if you cannot continue "operations".

(c) (i) To repair or replace any property; or

- (ii) To research, replace or restore the lost information on damaged "valuable papers and records";

to the extent it reduces the amount of loss that otherwise would have been payable under this Additional Coverage or Additional Coverage o., Business Income.

We will only pay for Extra Expense that occurs within 12 consecutive months after the date of direct physical loss or physical damage. This Additional Coverage is not subject to the Limits of Insurance.

- (4) With respect to the coverage provided in this Additional Coverage, suspension means:

- (a) The partial slowdown or complete cessation of your business activities; or
- (b) That part or all of the "scheduled premises" is rendered untenable as a result of a Covered Cause of Loss if coverage for Extra Expense applies to the policy.

**(5) Limitation**

This Extra Expense Coverage does not apply to:

- (a) Any deficiencies in insuring building or business personal property; or
- (b) Any expense related to any recall of products you manufacture, handle or distribute.

**q. Civil Authority**

- (1) This insurance is extended to apply to the actual loss of Business Income you sustain when access to your "scheduled premises" is specifically prohibited by order of a civil authority as the direct result of a Covered Cause of Loss to property in the immediate area of your "scheduled premises".
- (2) The coverage for Business Income will begin 72 hours after the order of a civil authority and coverage will end at the earlier of:

- (a) When access is permitted to your "scheduled premises"; or

- (b) 30 consecutive days after the order of the civil authority.

**r. Extended Business Income**

- (1) If the necessary suspension of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and "operations" are resumed; and

- (b) Ends on the earlier of:

- (i) The date you could restore your "operations" with reasonable speed, to the condition that would have existed if no direct physical loss or damage occurred; or

- (ii) 30 consecutive days after the date determined in (1)(a) above.

Loss of Business Income must be caused by direct physical loss or physical damage at the "scheduled premises" caused by or resulting from a Covered Cause of Loss.

- (2) With respect to the coverage provided in this Additional Coverage, suspension means:

- (a) The partial slowdown or complete cessation of your business activities; and

- (b) That a part or all of the "scheduled premises" is rendered untenable as a result of a Covered Cause of Loss.

**s. Business Income from Dependent Properties**

- (1) We will pay for the actual loss of Business Income you sustain due to direct physical loss or physical damage at the premises of a dependent property caused by or resulting from a Covered Cause of Loss.

The most we will pay under this Additional Coverage is \$5,000 in any one occurrence unless a higher Limit of Insurance is indicated in the Declarations.

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- (2) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:
- (a) Source of materials; or
  - (b) Outlet for your products.
- (3) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- (4) Dependent Property means property owned, leased or operated by others whom you depend on to:
- (a) Deliver materials or services to you or to others for your account. But services do not include:
    - (i) Water, communication, power services or any other utility services; or
    - (ii) Any type of web site, or Internet service.
  - (b) Accept your products or services;
  - (c) Manufacture your products for delivery to your customers under contract for sale; or
  - (d) Attract customers to your business premises.
- The dependent property must be located in the coverage territory of this policy.
- (5) The coverage period for Business Income under this Additional Coverage:
- (a) Begins 72 hours after the time of direct physical loss or physical damage caused by or resulting from a Covered Cause of Loss at the premises of the dependent property; and
  - (b) Ends on the date when the property at the premises of the dependent property should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- (6) The Business Income coverage period, as stated in Paragraph (5), does not include any increased period required due to the enforcement of any ordinance or law that:

- (a) Regulates the construction, use or repair, or requires the tearing down of any property; or
  - (b) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects "pollutants."
- (7) The definition of Business Income contained in the Business Income Additional Coverage also applies to this Business Income From Dependent Properties Additional Coverage.

**t. Tenant Glass**

This Additional Coverage applies only to premises where you are a tenant and are responsible in the lease for such damage.

We will cover loss to glass, which is in your care, custody or control and for which the lease holds you responsible. The glass must be part of a building described in the Declarations or at a location that would be included in Coverage Extension b. Newly Acquired or Constructed Property.

The most that we will pay in any one occurrence for each location under this Additional Coverage is \$25,000.

**u. Leasehold Improvements**

If your lease is cancelled in accordance with a valid lease provision as the direct result of a Covered Cause of Loss to property at the location in which you are a tenant, and you cannot legally remove "Tenant Improvements and Betterments", we will extend Business Personal Property coverage to apply to the unamortized value of "Tenants Improvement and Betterment" that remain and that you were forced to abandon.

The most we will pay in any one occurrence for loss under this Additional Coverage is \$25,000.

**v. Lease Assessment**

Your Business Personal Property is extended to apply to your share of any assessment charged to all tenants by the building owner as a result of direct physical damage caused by or resulting from a Covered Cause of Loss to building property you occupy as agreed to in your written lease agreement.

We will pay no more than \$2,500 in any one occurrence for this Additional Coverage.

**6. Coverage Extensions**

Except as otherwise provided, the following Extensions apply to property located in or on the building at the "scheduled premises" or in the open (or in a vehicle) within 1,000 feet of the "scheduled premises". All Coverage Extensions are subject to the terms, conditions and exclusions of this policy, except as otherwise provided.

In addition to the Limits of Insurance, you may extend the insurance provided by this policy as follows:

**a. Accounts Receivable**

- (1) You may extend the insurance that applies to your Business Personal Property, to apply to your accounts receivable.

We will pay for:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by the physical loss or physical damage; and
- (d) Other reasonable expenses that you incur to reestablish your records of accounts receivable;

that result from direct physical loss of or physical damage to your records of accounts receivable.

- (2) Paragraph **A.3.**, Covered Causes of Loss, and Section **B.**, Exclusions, do not apply to this Additional Coverage except for:

- (a) Paragraph **B.1.b.**, Governmental Action;
- (b) Paragraph **B.1.c.**, Nuclear Hazard; and
- (c) Paragraph **B.1.e.**, War and Military Action.

- (3) Additional Exclusions

- (a) Dishonest acts by you, anyone else with an interest in the records of accounts receivable, or your or their employees or authorized

representatives, or anyone entrusted with the records of accounts receivable, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.

This exclusion does not apply to a carrier for hire.

- (b) Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money," "securities," or other property.

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- (c) Bookkeeping, accounting or billing errors or omissions.
- (d) Electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct physical loss or physical damage caused by Lightning.

- (e) Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- (f) Unauthorized instructions to transfer property to any person or to any place.

- (4) We will not pay for direct physical loss or physical damage that requires any audit of records or any inventory computation to prove its factual existence.

- (5) The most we will pay in any one occurrence for direct physical loss of or physical damage to your accounts receivable at each "scheduled premises" is \$25,000.

- (6) The most we will pay in any one occurrence for direct physical loss of or physical damage to accounts receivables away from the "scheduled premises", including while in transit, is \$25,000.

**b. Arson and "Theft" Reward**

- (1) In the event that a covered fire loss was the result of an act of arson, we will reimburse you for rewards you pay for information leading to convictions for that act of arson.

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- (2) In the event of a covered "theft" loss, we will reimburse you for rewards you pay for information leading to convictions for the "theft" loss.

The most we will pay to reimburse you in any one occurrence for arson or "theft" rewards is \$10,000.

This is additional insurance. The deductible does not apply to these reimbursements.

**c. Data and Software**

We will pay up to \$10,000 in any one occurrence to cover your costs to research, replace or restore "data" or "software" which exists or existed on electronic or magnetic "media" that is lost or damaged as a result of direct physical loss or physical damage to "computer equipment" at the "scheduled premises".

**d. Garages, Storage Buildings and Other Appurtenant Structures**

- (1) You may extend the insurance that applies to Building to apply to garages, storage buildings and other appurtenant structures, except outdoor fixtures, at the "scheduled premises".

The most we will pay in any one occurrence for direct physical loss or physical damage under this Extension is \$50,000 at each "scheduled premises".

- (2) You may extend the insurance that applies to Business Personal Property in garages, storage buildings and other appurtenant structures at the "scheduled premises".

The most we will pay in any one occurrence for direct physical loss or physical damage under this Extension is \$5,000 at each "scheduled premises".

**e. Newly Acquired or Constructed Property**

- (1) You may extend the insurance that applies to Building to apply to:

- (a) Your new buildings while being built on the "scheduled premises"; and
- (b) Buildings you acquire at locations other than the "scheduled premises", intended for:
  - (i) Similar use as the Building described in the Declarations; or
  - (ii) Use as a warehouse.

The most we will pay in any one occurrence for loss or damage under this Extension is 25% of the Limit of Insurance for Building shown in the Declarations, but not more than \$500,000 at each premises.

- (2) You may extend the insurance that applies to Business Personal Property to apply to:

- (a) Property at any premises you acquire or construct;
- (b) Business Personal Property, including such property that you newly acquire, located at your newly constructed building, or
- (c) Business Personal Property that you newly acquire, located at the "scheduled premises".

This extension does not apply to:

- (a) Personal Property that you temporarily acquire in the course of installing or performing work on such property;
- (b) Personal property of others that you temporarily acquire in the course of your wholesaling activity.
- (c) Merchandise held for sale, except as provided under Paragraph C.6. Business Personal Property Limit – Seasonal Increase.

The most we will pay in any one occurrence for direct physical loss or physical damage under this Extension is \$250,000 at each premises.

- (3) You may extend the insurance that applies to Business Income and Extra Expense to apply to newly acquired or constructed locations.

The most we will pay in any one occurrence under this Extension is \$50,000.

- (4) If Covered Property is moved to a new premises endorsed onto this policy, from a "scheduled premises" being endorsed off this policy, the Limit of Insurance applicable to that vacated premises will apply proportionately to both premises as the property is moved. This coverage applies to up to 180 days after the move begins or upon completion of the move, whichever is sooner. This coverage does not apply to Business Personal Property while in transit.

- (5) Insurance under this Extension for each newly acquired or constructed property will end when any of the following first occurs:

- (a) This policy expires;
- (b) 180 days after you acquire or begin to construct the property, or
- (c) You report values to us.

We will charge you additional premium for values reported from the day construction begins or you acquire the property.

**f. Outdoor Property**

You may extend the insurance provided by this policy to apply to your outdoor:

- (1) Fences, signs (other than signs attached to buildings), trees, shrubs and plants caused by or resulting from any of the following causes of loss:

- (a) Fire;
- (b) Lightning;
- (c) Explosion;
- (d) Riot or Civil Commotion; and
- (e) Aircraft.

The most we will pay in any one occurrence for direct physical loss or physical damage, including debris removal expense, under this Extension is \$10,000 but not more than \$1,000 for any one tree, shrub or plant.

- (2) Radio and television antennas (including satellite dishes) caused by or resulting from any of the following causes of loss:

- (a) Fire;
- (b) Lightning;
- (c) Windstorm;
- (d) Ice, Snow, Sleet or Hail;
- (e) Explosion;
- (f) Riot or Civil Commotion; and
- (g) Aircraft.

The most we will pay in any one occurrence for direct physical loss or physical damage, including debris removal expense, under this Extension is \$2,000.

**g. Personal Effects**

You may extend the insurance that applies to Business Personal Property to apply to personal effects owned by you, your officers, your partners, "managers", "members", or your employees.

The most we will pay in any one occurrence for physical loss or physical damage under this Extension is \$10,000 at each "scheduled premises".

**h. Property Off-Premises**

- (1) You may extend the insurance that applies to Building to apply to such property that is temporarily at a location you do not own, lease or operate. This Extension applies only if physical loss or physical damage is caused by or resulting from a Covered Cause of Loss. This Extension does not apply to property in course of transit.

The most we will pay in any one occurrence under this coverage extension is \$5,000.

- (2) You may extend the insurance that applies to Business Personal Property to apply to such property, other than Accounts Receivable, "money" and "securities" while:

- (a) In the course of transit and more than 1,000 feet from the "scheduled premises". Property must be in or on, but not permanently attached to or installed in, a motor vehicle you own, lease or operate while between points in the coverage territory; or
- (b) Temporarily at a premises you do not own, lease or operate.
- (c) At a premises owned, leased, operated or used by you and the Business Personal Property is a vending machine.
- (d) In or on, but not permanently attached to or installed in, motor vehicles operated by your employees in the course of your business operations.
- (e) On temporary public display, or while being used at fairs, exhibitions, expositions, or trade shows or while in transit to and from these temporary sites.

The most we will pay in any one occurrence under this Extension is \$2,500.

**i. Valuable Papers and Records - Cost of Research**

You may extend the insurance that applies to Business Personal Property to apply to your costs to research, replace or restore the lost information on lost or damaged "valuable papers and records", for which duplicates do not exist.



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The most we will pay in any one occurrence under this Extension is \$25,000 at each "scheduled premises". For "valuable papers and records" not at the "scheduled premises", including while in transit, the most we will pay in any one occurrence is \$25,000.

**B. EXCLUSIONS**

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

**a. Earth Movement**

- (1) Earthquake, meaning a shaking or trembling of the earth's crust, caused by underground tectonic forces resulting in breaking, shifting, rising, settling, sinking or lateral movement;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil, and the action of water under the ground surface;

But if Earth Movement, as described in Paragraphs (1) through (4) above, results in fire or explosion, we will pay for the physical loss or physical damage caused by that fire or explosion.

- (5) Volcanic eruption, meaning the eruption, explosion or effusion of a volcano. But if physical loss or physical damage by fire or volcanic action results, we will pay for that resulting physical damage.

Volcanic action means direct physical loss or physical damage resulting from the eruption of a volcano when the physical loss or physical damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust, or particulate matter; or
- (c) Lava flow.

- (d) All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust, or particulate matter. That does not cause direct physical loss or physical damage to Covered Property.

**b. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this policy.

**c. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination however caused.

But if physical loss or physical damage by fire results, we will pay for that resulting physical loss or physical damage.

**d. Power Failure**

The failure of power or other utility service supplied to the "scheduled premises", however caused, if the failure occurs away from the "scheduled premises". Failure includes lack of sufficient capacity and reduction in supply necessary to maintain normal operations.

But if physical loss or physical damage by a Covered Cause of Loss results, we will pay for that resulting physical loss or physical damage.

**e. War and Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**f. Water**

- (1) Flood, including the accumulation of surface water, waves, tides, tidal waves, overflow of streams or any other bodies of water, or their spray, all whether driven by wind or not;

- (2) Mudslide or mud flow;
- (3) Water that backs up from a sewer or drain; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings.

But if loss or damage by fire, explosion or sprinkler leakage results, we will pay for that resulting physical loss or physical damage.

- (5) Water damage caused by or resulting from earthquake or volcanic eruption:
  - (a) Earthquake means a shaking or trembling of the earth's crust, caused by underground tectonic forces resulting in breaking, shifting, rising, settling, sinking or lateral movement or other movement;
  - (b) Volcanic eruption means the eruption, explosion or effusion of a volcano.

**g. Neglect**

Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

- 2. We will not pay for physical loss or physical damage caused by or resulting from:

**a. Consequential Losses:** Delay, loss of use or loss of market.

**b. Smoke, Vapor, Gas:** Smoke, vapor or gas from agricultural smudging or industrial operations.

**c. Miscellaneous Types of Loss:**

- (1) Wear and tear;
- (2) Rust, corrosion, fungus, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents, mold, spore or other animals;

- (6) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

But if physical loss or physical damage by the "specified causes of loss", building glass breakage or Equipment Breakdown Accident results, we will pay for that resulting physical loss or physical damage.

- d. Frozen Plumbing:** Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

(1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

- e. Dishonesty:** Dishonest or criminal act by you, any of your partners, "members", officers, "managers", employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

- f. False Pretense:** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- g. Exposed Property:** Rain, snow, ice or sleet to personal property in the open, except as provided in the Coverage Extension for Outdoor Property.

- h. Collapse:** Collapse, except as provided in the Additional Coverage for Collapse. But if loss or damage by a Covered Cause of Loss results at the "scheduled premises", we will pay for that resulting loss or damage.

- i. Pollution:** We will not pay for loss or damage caused by or resulting from the discharge, dispersal, seepage, migration, release or escape of "pollutants and

**SPECIAL PROPERTY COVERAGE FORM** 096-280051-15

contaminants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss." But if physical loss or physical damage by the "specified causes of loss" results, we will pay for the resulting physical loss or physical damage caused by the "specified cause of loss."

3. We will not pay for loss or damage caused by or resulting from any of the following. But if physical loss or physical damage by a Covered Cause of Loss results, we will pay for that resulting physical loss or physical damage.

**a. Weather conditions:** Weather conditions. This exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the physical loss or physical damage.

**b. Acts or Decisions:** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

**c. Negligent Work:** Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance of part or all of any property on or off the "scheduled premises".

4. **Business Income and Extra Expense Exclusions.** We will not pay for:

**a.** Any Extra Expense, or increase of Business Income loss, caused by or resulting from:

- (1) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
- (2) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".

**b.** Any other consequential loss.

## 5. Equipment Breakdown Exclusion

We will not pay for physical loss or physical damage caused by or resulting from any of the following tests:

- (a) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
- (b) An insulation breakdown test of any type of electrical equipment.

## C. LIMITS OF INSURANCE

1. The most we will pay for physical loss or physical damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

2. The most we will pay for physical loss of or physical damage to outdoor signs attached to buildings is \$5,000 per sign in any one occurrence.

3. The limits applicable to:

**a.** Coverage Extensions; and

**b.** The following Additional Coverages:

- (1) Accounts Receivable,
- (2) Fire Department Service Charges,
- (3) Fire Extinguisher Recharge, and
- (4) "Pollutants and Contaminants" Clean Up and Removal

are in addition to the Limits of Insurance.

4. Payments under the following Additional Coverages will not increase the applicable Limit of Insurance:

**a.** Preservation of Property; or

**b.** Debris Removal; but if:

- (1) The sum of direct physical loss or physical damage and Debris Removal expense exceeds the Limit of Insurance; or
- (2) The Debris Removal expense exceeds the amount payable under the 25% limitation in the Debris Removal Additional Coverage.

We will pay up to an additional \$10,000 for each location stated in the Declarations in any one occurrence under the Debris Removal Additional Coverage.

## 5. Building Limit - Automatic Increase

**a.** The Limit of Insurance for Buildings will automatically increase annually by 8%.

**b.** The amount of increase will be:

- (1) The Limit of Insurance for Buildings that applied on the most recent of the policy

inception date, policy anniversary date, or the date of any other policy change amending the Buildings limit, times

- (2) The percentage of annual increase shown above, expressed as a decimal (.08); times
- (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance for Buildings, divided by 365.

Example: The applicable Limit of Insurance for Buildings is \$100,000. The annual percentage increase is 8%. The number of days since the beginning of the policy period (or last policy change) is 146.

The amount of increase is:

$\$100,000 \times .08 \times 146 \text{ divided by } 365 = \$3,200$

#### **6. Business Personal Property Limit - Seasonal Increase**

- a. The Limit of Insurance for Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- b. This increase will apply only if all Limits of Insurance shown in the Declarations for Business Personal Property at the "scheduled premises" is at least 100% of your average monthly values during the lesser of:
  - (1) The 12 months immediately preceding the date the physical loss or physical damage occurs; or
  - (2) The period of time you have been in business as of the date the physical loss or physical damage occurs.

#### **D. DEDUCTIBLES**

1. We will not pay for physical loss or physical damage in any one occurrence until the amount of physical loss or physical damage exceeds the Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible up to the applicable Limit of Insurance.
2. Except as otherwise listed, the deductible applicable to Additional Coverages and Coverage Extensions is the Special Property Coverage Form is \$250.
3. A \$250 deductible applies to the following Glass Coverages, unless Glass Coverage is provided under a separate coverage form:
  - a. Building Glass
  - b. Glass Expense
  - c. Tenant Glass

4. Unless a separate deductible is shown in the Declarations, the deductible applicable to the following Additional Coverages or Coverage Extensions is \$250, whether the coverage is provided under this coverage form, provided on a separate coverage form or the coverage is provided in a form that includes a package of coverages, such as a Stretch endorsement:
  - a. Accounts Receivable;
  - b. Fine Arts
  - c. Outdoor Signs; and
  - d. "Valuable Papers and Records";

5. Unless a separate deductible is shown in the Declarations, the deductible applicable to the following Additional Coverages or Coverage Extensions is \$100, whether the coverage is provided under this coverage form, provided on a separate coverage form or the coverage is provided in a form that includes a package of coverages, such as a Stretch endorsement:
  - a. Employee Dishonesty; and
  - b. Temperature Change.
6. No deductible applies to the following Coverage Extensions and Additional Coverages:
  - a. Fire Extinguisher Recharge;
  - b. Preservation of Property;
  - c. Fire Department Service Charge;
  - d. Business Income, Extra Expense, Civil Authority and Extended Business Income;
  - e. Arson Reward; and
  - f. Lock and Key Replacement

7. The Deductible applicable to the following Additional Coverages is the policy deductible or the deductible shown in the Declarations for the following coverage:
  - a. Equipment Breakdown;
  - b. Ordinance or Law Coverage; and
  - c. Leasehold Improvements.
8. Each deductible applicable to this policy shall be applied separately but only to the coverage specified, and the total deductible for all losses in any one occurrence shall be the highest deductible amount that applies to the occurrence.

7. The Deductible applicable to the following Additional Coverages is the policy deductible or the deductible shown in the Declarations for the following coverage:

- a. Equipment Breakdown;
- b. Ordinance or Law Coverage; and
- c. Leasehold Improvements.

8. Each deductible applicable to this policy shall be applied separately but only to the coverage specified, and the total deductible for all losses in any one occurrence shall be the highest deductible amount that applies to the occurrence.

#### **E. PROPERTY LOSS CONDITIONS**

##### **1. Abandonment**

There can be no abandonment of any property to us.

**SPECIAL PROPERTY COVERAGE FORM** 096-280051-15**2. Appraisal**

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In that event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss.

If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

**3. Duties In The Event Of Loss Or Damage**

You must see that the following are done in the event of loss of or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the physical loss or physical damage. Include a description of the property involved.
- c. As soon as possible, give us description of how, when and where the physical loss or physical damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside in the best possible order for examination. Also, keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim.

This will not increase the Limits of Insurance.

- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- f. Permit us to inspect the property and records proving the loss or damage. Also permit us to take samples of damaged property for inspection, testing and analysis.
- g. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.

h. Send us a signed, sworn statement of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

i. Cooperate with us in the investigation or settlement of the claim.

j. Resume part or all of your "operations" as quickly as possible.

**4. Legal Action Against Us**

No one may bring a legal action against us under this insurance unless:

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within 2 years after the date on which the direct physical loss or physical damage occurred.

**5. Loss Payment**

In the event of physical loss or physical damage covered by this policy:

- a. At our option we will either:
  - (1) Pay the value of physically lost or physically damaged property, as described in paragraph d. below;
  - (2) Pay the cost of repairing or replacing the physically lost or physically damaged property, plus any reduction in value of repaired items;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality.
- b. We will give notice of our intentions within 30 days after we receive the sworn statement of loss.
- c. We will not pay you more than your financial interest in the Covered Property.
- d. We will determine the value of Covered Property as follows:
  - (1) At replacement cost (without deduction for depreciation), except as provided in (2) through (7) below.
    - (a) You may make a claim for physical loss or physical damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have physical loss or physical damage settled on an actual cash value basis, you may still make a claim on a

replacement cost basis if you notify us of your intent to do so within 180 days after the physical loss or physical damage.

- (b) We will not pay on a replacement cost basis for any physical loss or physical damage:

- (i) Until the physically lost or physically damaged property is actually repaired or replaced; and
- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the physical loss or physical damage.

However, if the cost to repair or replace the damaged property is \$2,500 or less, we will settle the loss according to the provisions of Paragraphs **d.(1)(a)** and **d.(1)(b)** above whether or not the actual repair or replacement is complete.

- (c) We will not pay more for physical loss or physical damage on a replacement cost basis than the least of:

- (i) The cost to replace, on the same premises, the physically lost or physically damaged property with other property of comparable material and quality and which is used for the same purpose; or
- (ii) The amount you actually spend that is necessary to repair or replace the physically lost or physically damaged property.

- (2) If the **Actual Cash Value - Buildings** option applies, as shown in the Declarations, paragraph (1) above does not apply to Buildings. Instead, we will determine the value of Buildings at actual cash value.

- (3) The following property at actual cash value:

- (a) Manuscripts;
- (b) Works of art, antiques or rare articles, including etchings, pictures, statuary, objects of marble, bronzes, porcelains and bric-a-brac.

- (c) Household contents, except personal property in apartments or rooms furnished by you as landlord.

- (4) Glass at the cost of replacement with safety glazing material if required by law.

- (5) "Tenants' Improvements and Betterments" at:

- (a) Replacement cost if you make repairs promptly.

- (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:

- (i) Multiply the original cost by the number of days from the physical loss or physical damage to the expiration of the lease; and

- (ii) Divide the amount determined in (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (c) Nothing, if others pay for repairs or replacement.

- (6) "Valuable Papers and Records", at the cost of:

- (a) Blank materials for reproducing the records; and

- (b) Labor to transcribe or copy the records.

- (7) "Money" and "Securities":

- (a) "Money" at its face value; and

- (b) "Securities" at their value at the close of business on the day the loss is discovered.

- (8) The value of United States Government Internal Revenue taxes and custom duties and refundable state and local taxes paid or fully determined on the following property held for sale will not be considered in determining the value of Covered Property:

- (a) Distilled spirits;

- (b) Wines;

- (c) Rectified products; or
- (d) Beer.
- (9) Applicable to Accounts Receivable:
  - (a) If you can not accurately establish the amount of the accounts receivable outstanding as of the time of physical loss or physical damage the following method will be used:
    - (i) Determine the total of the average monthly value of accounts receivable for 12 months immediately preceding the month in which the direct physical loss or physical damage occurred; and
    - (ii) Adjust the total determined in paragraph (i) above for any normal fluctuations in the value of accounts receivable for the month in which the direct physical loss or physical damage occurred for any demonstrated variance from the average of that month.
  - (b) The following will be deducted from the total value of accounts receivable, however that value is established:
    - (i) The value of the accounts for which there is no physical loss or physical damage;
    - (ii) The value of the accounts that you are able to re-establish or collect;
    - (iii) A value to allow for probable bad debts that you are normally unable to collect; and
    - (iv) All unearned interest and services charged.
- e. Our payment for physical loss of or physical damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of physically lost or physically damaged property if other than you. If we pay the owners, such payment will satisfy your claims against us for the owners' property.

We will not pay the owners more than their financial interest in the Covered Property.

- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
  - g. We will pay for covered physical loss or physical damage within 30 days after we receive the sworn statement of loss, if:
    - (1) You have complied with all of the terms of this policy; and
    - (2) (a) We have reached agreement with you on the amount of loss, or
    - (b) An appraisal award has been made.
  - h. The following condition applies to any loss payment for Extra Expense:

We will deduct from the total Extra Expense to be paid:

    - (1) The salvage value that remains of any property bought for temporary use during the Period of Restoration, once business operations are resumed; and
    - (2) Any Extra Expense that is paid for by other insurance.
- 6. Recovered Property**
- If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits of Insurance.
- 7. Resumption of Operations**
- In the event of physical loss or physical damage at the "scheduled premises" you must resume all or part of your "operations" as quickly as possible.
- We will reduce the amount of your:
- a. Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the "scheduled premises" or elsewhere.
  - b. Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- 8. Vacancy**
- a. **Description of Terms**
    - (1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in Paragraphs.

(a) and (b) below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or
- (ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

**b. Vacancy Provisions**

If the building where physical loss or physical damage occurs has been vacant for more than 60 consecutive days before that physical loss or physical damage occurs:

(1) We will not pay for any physical loss or physical damage caused by any of the following even if they are Covered Causes of Loss:

- (a) Vandalism;
- (b) Sprinkler leakage, unless you had protected the system against freezing;
- (c) Building glass breakage;
- (d) Water damage;
- (e) Theft; or
- (f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the physical loss or physical damage by 15%.

**F. PROPERTY GENERAL CONDITIONS**

**1. Control of Property**

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Form at one or more locations will not affect coverage at any location where, at the time of physical loss or physical damage, the breach of condition does not exist.

**2. Mortgage Holders**

- a. The term mortgage holder includes trustee.
- b. We will pay for covered physical loss of or physical damage to buildings or structures to each mortgage holder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:

- (1) Pays any premium due under this policy at our request if you have failed to do so;
- (2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this policy will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any physical loss or physical damage and deny payment to you because of your acts or because you have failed to comply with the terms of this policy:

- (1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgage holder's rights to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.



**SPECIAL PROPERTY COVERAGE FORM** 096-280051-15

f. If we cancel this policy, we will give written notice to the mortgage holder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your non payment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

### 3. No Benefit to Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

### 4. Policy Period, Coverage Territory

Under this form:

a. We cover physical loss or physical damage commencing:

- (1) During the policy period shown in the Declarations; and
- (2) Within the coverage territory or, with respect to property in transit, while it is between points in the coverage territory.

But we do not cover physical loss or physical damage that is also covered by a preceding policy.

b. The coverage territory is:

- (1) The United States of America (including its territories and possessions);
- (2) Puerto Rico; and
- (3) Canada.

### 5. Additional Conditions

The following conditions apply to paragraph A.5.u., Forgery Additional Coverage:

- a. We will treat mechanically reproduced facsimile signatures the same as handwritten signatures.
- b. You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.
- c. The Coverage Territory is revised to cover loss you sustain anywhere in the world.

## G. PROPERTY DEFINITIONS

1. "Computer" means a programmable electronic device that can store, retrieve and process "data".

2. "Computer Equipment" means "computers", "peripheral devices", "media", and manuals that are purchased to be used in conjunction with hardware and "software".

3. "Counterfeit" means an imitation of an actual valid original which is intended to deceive and to be taken as the original.

4. "Data" means information or facts stored in a "computer's" memory, on "software" or on "media".

5. "Finished Stock" means stock you have manufactured.

"Finished Stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this policy.

6. "Manager" means a person serving in a directorial capacity for a limited liability company.

7. "Media" means the material used solely with the "computer" or "peripheral device" upon which "software" or "data" is stored, such as tapes, CD-ROMs or disks.

8. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

9. "Messenger" means you, any any of your partners or any employee while having care and custody of the property outside your premises.

10. "Money" means:

- a. Currency, coins and bank notes whether or not in current use; and
- b. Travelers checks, registered checks and money orders held for sale to the public.

11. "Operations" means your business activities occurring at the "scheduled premises" and tenability of the "scheduled premises".

12. "Period of Restoration" means the period of time that:

- a. Begins with the date of direct physical loss or physical damage caused by or resulting from a Covered Cause of Loss at the "scheduled premises", and
- b. Ends on the date when:
  - (1) The property at the "scheduled premises" should be repaired, rebuilt or replaced with reasonable speed and similar quality;
  - (2) The date when your business is resumed at a new, permanent location.

"Period of Restoration" does not include any increased period required due to enforcement of any law that:

- a. Regulates the construction, use or repair, or required the tearing down of any property; or
- b. Regulates the prevention, control, repair, clean up or restoration of environmental damage.

The expiration date of this policy will not cut short the "period of restoration".

13. "Peripheral Device" means any physical unit used to operate the "computer" that cannot be used for purposes other than as part of the computer's system, such as tape or disk drives, printers, or modems.
14. "Perishable Stock" means personal property:
  - a. Maintained under controlled conditions for its preservation; and
  - b. Susceptible to physical loss or physical damage if the controlled conditions change.
15. "Pollutants and Contaminants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapors, soot, fumes, acids, alkalis, chemicals and waste, or any other material which causes or threatens to cause physical loss, physical damage, impurity to property, unwholesomeness, undesirability, loss of marketability, loss of use of property, or which threatens human health or welfare. Waste includes materials to be recycled, reconditioned or reclaimed.
16. "Scheduled Premises" means any premises listed by location address in the Scheduled Premises section of the Declarations.
17. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:
  - a. Tokens, tickets except Lottery Tickets, revenue and other non-postage stamps whether or not in current use; and
  - b. Evidences of debt issued in connection with credit or charge cards, which are not of your own issue;

but does not include "money."
18. "Software" means instructions or programs that are stored on "media" and which instruct the hardware as to how to process "data".

19. "Specified Cause of Loss" means the following:

Fire; lightning; explosion, windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. It does not include the cost of filling sinkholes.
- b. Falling objects does not include loss of or damage to:
  - (1) Personal property in the open; or
  - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

20. "Suit" means a civil proceeding and includes:

- a. An arbitration proceeding in which damages are claimed and to which you must submit or do submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which damages are claimed and to which you submit with our consent.

21. "Tenant Improvements and Betterments" means fixtures, alterations, installations or additions made a part of the Building you occupy but do not own and that you cannot legally remove; and

- a. Which are made at your expense; or
- b. That you acquired from the prior tenant at your expense.

22. "Theft" means the act of stealing.

23. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" and "securities", "data" and "software" or the materials on which the "data" and "software" is recorded.

## **BUSINESS LIABILITY COVERAGE FORM**

**QUICK REFERENCE**  
**BUSINESS LIABILITY COVERAGE FORM**  
**READ YOUR POLICY CAREFULLY**

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## BUSINESS LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the stock insurance company member of The Hartford providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **C. - Who Is An Insured**.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **G. - Liability And Medical Expenses Definitions**.

### A. COVERAGES

#### 1. BUSINESS LIABILITY COVERAGE (BODILY INJURY, PROPERTY DAMAGE, PERSONAL AND ADVERTISING INJURY)

##### Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage" or "personal and advertising injury" to which this insurance does not apply.

We may, at our discretion, investigate any "occurrence" or offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section **D. - Liability And Medical Expenses Limits Of Insurance**; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments, settlements or medical expenses to which this insurance applies.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Coverage Extension - Supplementary Payments.

- b. This insurance applies:

- (1) To "bodily injury" and "property damage" only if:

(a) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

(b) The "bodily injury" or "property damage" occurs during the policy period; and

(c) Prior to the policy period, no insured listed under Paragraph 1. of Section **C. - Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

(2) To "personal and advertising injury" caused by an offense arising out of your business, but only if the offense was committed in the "coverage territory" during the policy period.

c. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section **C. - Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

(1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;

- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
  - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.
- d. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

**e. Incidental Medical Malpractice**

- (1) "Bodily injury" arising out of the rendering of or failure to render professional health care services as a physician, dentist, nurse, emergency medical technician or paramedic shall be deemed to be caused by an "occurrence", but only if:
  - (a) The physician, dentist, nurse, emergency medical technician or paramedic is employed by you to provide such services; and
  - (b) You are not engaged in the business or occupation of providing such services.
- (2) For the purpose of determining the limits of insurance for incidental medical malpractice, any act or omission together with all related acts or omissions in the furnishing of these services to any one person will be considered one "occurrence".

**2. MEDICAL EXPENSES**

**Insuring Agreement**

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
  - (1) On premises you own or rent;
  - (2) On ways next to premises you own or rent; or
  - (3) Because of your operations;provided that:
  - (1) The accident takes place in the "coverage territory" and during the policy period;
  - (2) The expenses are incurred and reported to us within three years of the date of the accident; and
  - (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

**3. COVERAGE EXTENSION -  
SUPPLEMENTARY PAYMENTS**

- a. We will pay, with respect to any claim or "suit" we investigate or settle, or any "suit" against an insured we defend:
  - (1) All expenses we incur.
  - (2) Up to \$1,000 for the cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Business Liability Coverage for "bodily injury" applies. We do not have to furnish these bonds.
  - (3) The cost of appeal bonds or bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
  - (4) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.
  - (5) All costs taxed against the insured in the "suit".
  - (6) Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
  - (7) All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

Any amounts paid under (1) through (7) above will not reduce the limits of insurance.

- b. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
- (1) The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
  - (2) This insurance applies to such liability assumed by the insured;
  - (3) The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
  - (4) The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interest of the indemnitee;
  - (5) The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
  - (6) The indemnitee:
    - (a) Agrees in writing to:
      - (i) Cooperate with us in the investigation, settlement or defense of the "suit";
      - (ii) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
      - (iii) Notify any other insurer whose coverage is available to the indemnitee; and
      - (iv) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
    - (b) Provides us with written authorization to:
      - (i) Obtain records and other information related to the "suit"; and
      - (ii) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments.

Notwithstanding the provisions of Paragraph 1.b.(b) of Section B. – Exclusions, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the Limits of Insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- (1) We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- (2) The conditions set forth above, or the terms of the agreement described in Paragraph (6) above, are no longer met.

## B. EXCLUSIONS

### 1. Applicable To Business Liability Coverage

This insurance does not apply to:

#### a. Expected Or Intended Injury

- (1) "Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property; or
- (2) "Personal and advertising injury" arising out of an offense committed by, at the direction of or with the consent or acquiescence of the insured with the expectation of inflicting "personal and advertising injury".

#### b. Contractual Liability

- (1) "Bodily injury" or "property damage"; or
- (2) "Personal and advertising injury"

for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement.

This exclusion does not apply to liability for damages because of:

- (a) "Bodily injury", "property damage" or "personal and advertising injury" that the insured would have in the absence of the contract or agreement; or

(b) "Bodily injury" or "property damage" assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purpose of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage" provided:

- (i) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract", and
- (ii) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

**c. Liquor Liability**

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

**d. Workers' Compensation And Similar Laws**

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

**e. Employer's Liability**

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
  - (a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business, or

- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

**f. Pollution**

- (1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

(a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to any insured. However, this subparagraph does not apply to:

(i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

(ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or



- (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
- (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
- (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
  - (i) Any insured; or
  - (ii) Any person or organization for whom you may be legally responsible;
- (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
  - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or

released as part of the operations being performed by such insured, contractor or subcontractor;

- (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
  - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire"; or
  - (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".
- (2) Any loss, cost or expense arising out of any:
- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
  - (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

**g. Aircraft, Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 51 feet long; and
  - (b) Not being used to carry persons for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft;
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment"; or
- (6) An aircraft that is not owned by any insured and is hired, chartered or loaned with a paid crew. However, this exception does not apply if the insured has any other insurance for such "bodily injury" or "property damage", whether the other insurance is primary, excess, contingent or on any other basis.

**h. Mobile Equipment**

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

- (2) The use of "mobile equipment" in, or while in practice or preparation for, a prearranged racing, speed or demolition contest or in any stunting activity.

**i. War**

"Bodily injury", "property damage" or "personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**j. Professional Services**

"Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or failure to render any professional service. This includes but is not limited to:

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications;
- (3) Supervisory, inspection, architectural or engineering activities;
- (4) Medical, surgical, dental, x-ray or nursing services treatment, advice or instruction;
- (5) Any health or therapeutic service treatment, advice or instruction;
- (6) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- (7) Optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

- (8) Optometry or optometric services including but not limited to examination of the eyes and the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products;
- (9) Any:
  - (a) Body piercing (not including ear piercing);
  - (b) Tattooing, including but not limited to the insertion of pigments into or under the skin; and
  - (c) Similar services;
- (10) Services in the practice of pharmacy; and
- (11) Computer consulting, design or programming services, including web site design.

Paragraphs (4) and (5) of this exclusion do not apply to the Incidental Medical Malpractice coverage afforded under Paragraph 1.e. in Section A. - Coverages.

**k. Damage To Property**

"Property damage" to:

- (1) Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate Limit of Insurance applies to Damage To Premises Rented To You as described in Section D. - Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3) and (4) of this exclusion do not apply to the use of elevators.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraphs (3) and (4) of this exclusion do not apply to "property damage" to borrowed equipment while not being used to perform operations at a job site.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

**l. Damage To Your Product**

"Property damage" to "your product" arising out of it or any part of it.

**m. Damage To Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

**n. Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**o. Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**p. Personal And Advertising Injury**

"Personal and advertising injury":

- (1) Arising out of oral, written or electronic publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (2) Arising out of oral, written or electronic publication of material whose first publication took place before the beginning of the policy period;
- (3) Arising out of a criminal act committed by or at the direction of the insured;
- (4) Arising out of any breach of contract, except an implied contract to use another's "advertising idea" in your "advertisement";
- (5) Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement";
- (6) Arising out of the wrong description of the price of goods, products or services;
- (7) Arising out of any violation of any intellectual property rights such as copyright, patent, trademark, trade name, trade secret, service mark or other designation of origin or authenticity.

However, this exclusion does not apply to infringement, in your "advertisement", of

- (a) Copyright;
- (b) Slogan, unless the slogan is also a trademark, trade name, service mark or other designation of origin or authenticity; or

(c) Title of any literary or artistic work;

- (8) Arising out of an offense committed by an insured whose business is:

(a) Advertising, broadcasting, publishing or telecasting;

(b) Designing or determining content of web sites for others; or

(c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **a.**, **b.** and **c.** under the definition of "personal and advertising injury" in Section **G.** – Liability And Medical Expenses Definitions.

For the purposes of this exclusion, placing an "advertisement" for or linking to others on your web site, by itself, is not considered the business of advertising, broadcasting, publishing or telecasting;

- (9) Arising out of an electronic chat room or bulletin board the insured hosts, owns, or over which the insured exercises control;

- (10) Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatags, or any other similar tactics to mislead another's potential customers;

- (11) Arising out of the violation of a person's right of privacy created by any state or federal act.

However, this exclusion does not apply to liability for damages that the insured would have in the absence of such state or federal act;

- (12) Arising out of:

(a) An "advertisement" for others on your web site;

(b) Placing a link to a web site of others on your web site;

(c) Content from a web site of others displayed within a frame or border on your web site. Content includes information, code, sounds, text, graphics or images; or

(d) Computer code, software or programming used to enable:

(i) Your web site; or

(ii) The presentation or functionality of an "advertisement" or other content on your web site;

- (13) Arising out of a violation of any anti-trust law;
- (14) Arising out of the fluctuation in price or value of any stocks, bonds or other securities; or
- (15) Arising out of discrimination or humiliation committed by or at the direction of any "executive officer", director, stockholder, partner or member of the insured.

**q. Electronic Data**

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate "electronic data".

**r. Employment-Related Practices**

"Bodily injury" or "personal and advertising injury" to:

- (1) A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or
  - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" or "personal and advertising injury" to the person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

**s. Asbestos**

- (1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of the "asbestos hazard".
- (2) Any damages, judgments, settlements, loss, costs or expenses that:

- (a) May be awarded or incurred by reason of any claim or suit alleging actual or threatened injury or damage of any nature or kind to persons or property which would not have occurred in whole or in part but for the "asbestos hazard";
- (b) Arise out of any request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, encapsulate, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of an "asbestos hazard"; or
- (c) Arise out of any claim or suit for damages because of testing for, monitoring, cleaning up, removing, encapsulating, containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effects of an "asbestos hazard".

**t. Violation Of Statutes That Govern E-Mails, Fax, Phone Calls Or Other Methods Of Sending Material Or Information**

"Bodily injury", "property damage", or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

**Damage To Premises Rented To You – Exception For Damage By Fire, Lightning or Explosion**

Exclusions c. through h. and k. through o. do not apply to damage by fire, lightning or explosion to premises rented to you or temporarily occupied by you with permission of the owner. A separate Limit of Insurance applies to this coverage as described in Section D. - Liability And Medical Expenses Limits Of Insurance.

**2. Applicable To Medical Expenses Coverage**

We will not pay expenses for "bodily injury":

**a. Any Insured**

To any insured, except "volunteer workers".

**b. Hired Person**

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

**c. Injury On Normally Occupied Premises**

To a person injured on that part of premises you own or rent that the person normally occupies.

**d. Workers' Compensation And Similar Laws**

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

**e. Athletics Activities**

To a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.

**f. Products-Completed Operations Hazard**

Included with the "products-completed operations hazard".

**g. Business Liability Exclusions**

Excluded under Business Liability Coverage.

**C. WHO IS AN INSURED**

**1. If you are designated in the Declarations as:**

- a.** An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b.** A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c.** A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d.** An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.

- e.** A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

**2. Each of the following is also an insured:**

**a. Employees And Volunteer Workers**

Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

However, none of these "employees" or "volunteer workers" are insureds for:

**(1) "Bodily injury" or "personal and advertising injury":**

- (a)** To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), or to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

- (b)** To the spouse, child, parent, brother or sister of that co-"employee" or that "volunteer worker" as a consequence of Paragraph **(1)(a)** above;

- (c)** For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **(1)(a)** or **(b)** above; or

- (d)** Arising out of his or her providing or failing to provide professional health care services.

If you are not in the business of providing professional health care services, Paragraph **(d)** does not apply to any nurse, emergency medical technician or paramedic employed by you to provide such services.

**(2) "Property damage" to property:**

- (a)** Owned, occupied or used by,

- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

**b. Real Estate Manager**

Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

**c. Temporary Custodians Of Your Property**

Any person or organization having proper temporary custody of your property if you die, but only:

- (1) With respect to liability arising out of the maintenance or use of that property; and
- (2) Until your legal representative has been appointed.

**d. Legal Representative If You Die**

Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this insurance.

**e. Unnamed Subsidiary**

Any subsidiary and subsidiary thereof, of yours which is a legally incorporated entity of which you own a financial interest of more than 50% of the voting stock on the effective date of this Coverage Part.

The insurance afforded herein for any subsidiary not shown in the Declarations as a named insured does not apply to injury or damage with respect to which an insured under this insurance is also an insured under another policy or would be an insured under such policy but for its termination or upon the exhaustion of its limits of insurance.

**3. Newly Acquired Or Formed Organization**

Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain financial interest of more than 50% of the voting stock, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier; and

- b. Coverage under this provision does not apply to:

- (1) "Bodily injury" or "property damage" that occurred; or
- (2) "Personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

**4. Operator Of Mobile Equipment**

With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or
- b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

**5. Operator of Nonowned Watercraft**

With respect to watercraft you do not own that is less than 51 feet long and is not being used to carry persons for a charge, any person is an insured while operating such watercraft with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the watercraft, and only if no other insurance of any kind is available to that person or organization for this liability.

However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person operating the watercraft; or
- b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

**6. Additional Insureds When Required By Written Contract, Written Agreement Or Permit**

The person(s) or organization(s) identified in Paragraphs a. through f. below are additional insureds when you have agreed, in a written

contract, written agreement or because of a permit issued by a state or political subdivision, that such person or organization be added as an additional insured on your policy, provided the injury or damage occurs subsequent to the execution of the contract or agreement, or the issuance of the permit.

A person or organization is an additional insured under this provision only for that period of time required by the contract, agreement or permit.

However, no such person or organization is an additional insured under this provision if such person or organization is included as an additional insured by an endorsement issued by us and made a part of this Coverage Part, including all persons or organizations added as additional insureds under the specific additional insured coverage grants in Section F. – Optional Additional Insured Coverages.

**a. Vendors**

Any person(s) or organization(s) (referred to below as vendor), but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business and only if this Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

- (1) The insurance afforded to the vendor is subject to the following additional exclusions:

This insurance does not apply to:

- (a) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- (b) Any express warranty unauthorized by you;
- (c) Any physical or chemical change in the product made intentionally by the vendor;
- (d) Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

(e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

(f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

(g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or

(h) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

(i) The exceptions contained in Subparagraphs (d) or (f); or

(ii) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

- (2) This insurance does not apply to any insured person or organization from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

**b. Lessors Of Equipment**

- (1) Any person or organization from whom you lease equipment; but only with respect to their liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person or organization.



- (2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after you cease to lease that equipment.

**c. Lessors Of Land Or Premises**

- (1) Any person or organization from whom you lease land or premises, but only with respect to liability arising out of the ownership, maintenance or use of that part of the land or premises leased to you.
- (2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to:
- (a) Any "occurrence" which takes place after you cease to lease that land or be a tenant in that premises; or
- (b) Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

**d. Architects, Engineers Or Surveyors**

- (1) Any architect, engineer, or surveyor, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:
- (a) In connection with your premises; or
- (b) In the performance of your ongoing operations performed by you or on your behalf.
- (2) With respect to the insurance afforded to these additional insureds, the following additional exclusion applies:
- This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or the failure to render any professional services by or for you, including:
- (a) The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or
- (b) Supervisory, inspection, architectural or engineering activities.

**e. Permits Issued By State Or Political Subdivisions**

- (1) Any state or political subdivision, but only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.
- (2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to:
- (a) "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality; or
- (b) "Bodily injury" or "property damage" included within the "products-completed operations hazard".

**f. Any Other Party**

- (1) Any other person or organization who is not an insured under Paragraphs a. through e. above, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:
- (a) In the performance of your ongoing operations;
- (b) In connection with your premises owned by or rented to you; or
- (c) In connection with "your work" and included within the "products-completed operations hazard", but only if
- (i) The written contract or written agreement requires you to provide such coverage to such additional insured; and
- (ii) This Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".
- (2) With respect to the insurance afforded to these additional insureds, this insurance does not apply to:
- "Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

(a) The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or

(b) Supervisory, inspection, architectural or engineering activities.

The limits of insurance that apply to additional insureds are described in Section **D. – Limits Of Insurance**.

How this insurance applies when other insurance is available to an additional insured is described in the Other Insurance Condition in Section **E. – Liability And Medical Expenses General Conditions**.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

## **D. LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE**

### **1. The Most We Will Pay**

The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".

### **2. Aggregate Limits**

The most we will pay for:

- a. Damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard" is the Products-Completed Operations Aggregate Limit shown in the Declarations.
- b. Damages because of all other "bodily injury", "property damage" or "personal and advertising injury", including medical expenses, is the General Aggregate Limit shown in the Declarations.

This General Aggregate Limit applies separately to each of your "locations" owned by or rented to you.

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway or right-of-way of a railroad.

This General Aggregate limit does not apply to "property damage" to premises while rented to you or temporarily occupied by you with permission of the owner, arising out of fire, lightning or explosion.

### **3. Each Occurrence Limit**

Subject to **2.a.** or **2.b.** above, whichever applies, the most we will pay for the sum of all damages because of all "bodily injury", "property damage" and medical expenses arising out of any one "occurrence" is the Liability and Medical Expenses Limit shown in the Declarations.

The most we will pay for all medical expenses because of "bodily injury" sustained by any one person is the Medical Expenses Limit shown in the Declarations.

### **4. Personal And Advertising Injury Limit**

Subject to **2.b.** above, the most we will pay for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization is the Personal and Advertising Injury Limit shown in the Declarations.

### **5. Damage To Premises Rented To You Limit**

The Damage To Premises Rented To You Limit is the most we will pay under Business Liability Coverage for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, lightning or explosion, while rented to you or temporarily occupied by you with permission of the owner.

In the case of damage by fire, lightning or explosion, the Damage to Premises Rented To You Limit applies to all damage proximately caused by the same event, whether such damage results from fire, lightning or explosion or any combination of these.

### **6. How Limits Apply To Additional Insureds**

The most we will pay on behalf of a person or organization who is an additional insured under this Coverage Part is the lesser of:

- a. The limits of insurance specified in a written contract, written agreement or permit issued by a state or political subdivision; or
- b. The Limits of Insurance shown in the Declarations.

Such amount shall be a part of and not in addition to the Limits of Insurance shown in the Declarations and described in this Section.

If more than one limit of insurance under this policy and any endorsements attached thereto applies to any claim or "suit", the most we will pay under this policy and the endorsements is the single highest limit of liability of all coverages applicable to such claim or "suit". However, this paragraph does not apply to the Medical Expenses limit set forth in Paragraph 3. above.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

## **E. LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS**

### **1. Bankruptcy**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

### **2. Duties In The Event Of Occurrence, Offense, Claim Or Suit**

#### **a. Notice Of Occurrence Or Offense**

You or any additional insured must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

#### **b. Notice Of Claim**

If a claim is made or "suit" is brought against any insured, you or any additional insured must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You or any additional insured must see to it that we receive a written notice of the claim or "suit" as soon as practicable.

#### **c. Assistance And Cooperation Of The Insured**

You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation, settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization that may be liable to the insured because of injury or damage to which this insurance may also apply.

#### **d. Obligations At The Insured's Own Cost**

No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

#### **e. Additional Insured's Other Insurance**

If we cover a claim or "suit" under this Coverage Part that may also be covered by other insurance available to an additional insured, such additional insured must submit such claim or "suit" to the other insurer for defense and indemnity.

However, this provision does not apply to the extent that you have agreed in a written contract, written agreement or permit that this insurance is primary and non-contributory with the additional insured's own insurance.

#### **f. Knowledge Of An Occurrence, Offense, Claim Or Suit**

Paragraphs a. and b. apply to you or to any additional insured only when such "occurrence", offense, claim or "suit" is known to:

- (1) You or any additional insured that is an individual;
- (2) Any partner, if you or an additional insured is a partnership;
- (3) Any manager, if you or an additional insured is a limited liability company;
- (4) Any "executive officer" or insurance manager, if you or an additional insured is a corporation;
- (5) Any trustee, if you or an additional insured is a trust; or
- (6) Any elected or appointed official, if you or an additional insured is a political subdivision or public entity.

This Paragraph **f.** applies separately to you and any additional insured.

**3. Financial Responsibility Laws**

- a. When this policy is certified as proof of financial responsibility for the future under the provisions of any motor vehicle financial responsibility law, the insurance provided by the policy for "bodily injury" liability and "property damage" liability will comply with the provisions of the law to the extent of the coverage and limits of insurance required by that law.
- b. With respect to "mobile equipment" to which this insurance applies, we will provide any liability, uninsured motorists, underinsured motorists, no-fault or other coverage required by any motor vehicle law. We will provide the required limits for those coverages.

**4. Legal Action Against Us**

No person or organization has a right under this Coverage Form:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Form unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this insurance or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

**5. Separation Of Insureds**

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this policy to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom a claim is made or "suit" is brought.

**6. Representations**

**a. When You Accept This Policy**

By accepting this policy, you agree:

- (1) The statements in the Declarations are accurate and complete;
- (2) Those statements are based upon representations you made to us; and

- (3) We have issued this policy in reliance upon your representations.

**b. Unintentional Failure To Disclose Hazards**

If unintentionally you should fail to disclose all hazards relating to the conduct of your business at the inception date of this Coverage Part, we shall not deny any coverage under this Coverage Part because of such failure.

**7. Other Insurance**

If other valid and collectible insurance is available for a loss we cover under this Coverage Part, our obligations are limited as follows:

**a. Primary Insurance**

This insurance is primary except when **b.** below applies. If other insurance is also primary, we will share with all that other insurance by the method described in **c.** below.

**b. Excess Insurance**

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis:

**(1) Your Work**

That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

**(2) Premises Rented To You**

That is fire, lightning or explosion insurance for premises rented to you or temporarily occupied by you with permission of the owner;

**(3) Tenant Liability**

That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner;

**(4) Aircraft, Auto Or Watercraft**

If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **A.** – Coverages.

**(5) Property Damage To Borrowed Equipment Or Use Of Elevators**

If the loss arises out of "property damage" to borrowed equipment or the use of elevators to the extent not subject to Exclusion **k.** of Section **A.** – Coverages.

**(6) When You Are Added As An Additional Insured To Other Insurance**

That is other insurance available to you covering liability for damages arising out of the premises or operations, or products and completed operations, for which you have been added as an additional insured by that insurance; or

**(7) When You Add Others As An Additional Insured To This Insurance**

That is other insurance available to an additional insured.

However, the following provisions apply to other insurance available to any person or organization who is an additional insured under this Coverage Part:

**(a) Primary Insurance When Required By Contract**

This insurance is primary if you have agreed in a written contract, written agreement or permit that this insurance be primary. If other insurance is also primary, we will share with all that other insurance by the method described in **c.** below.

**(b) Primary And Non-Contributory To Other Insurance When Required By Contract**

If you have agreed in a written contract, written agreement or permit that this insurance is primary and non-contributory with the additional insured's own insurance, this insurance is primary and we will not seek contribution from that other insurance.

Paragraphs **(a)** and **(b)** do not apply to other insurance to which the additional insured has been added as an additional insured.

When this insurance is excess, we will have no duty under this Coverage Part to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1)** The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2)** The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

**c. Method Of Sharing**

If all the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

**8. Transfer Of Rights Of Recovery Against Others To Us**

**a. Transfer Of Rights Of Recovery**

If the insured has rights to recover all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

**b. Waiver Of Rights Of Recovery (Waiver Of Subrogation)**

If the insured has waived any rights of recovery against any person or organization for all or part of any payment, including Supplementary Payments, we have made under this Coverage Part, we also waive that right, provided the insured waived their rights of recovery against such person or organization in a contract, agreement or permit that was executed prior to the injury or damage.

## F. OPTIONAL ADDITIONAL INSURED COVERAGES

If listed or shown as applicable in the Declarations, one or more of the following Optional Additional Insured Coverages also apply. When any of these Optional Additional Insured Coverages apply, Paragraph 6. (Additional Insureds When Required by Written Contract, Written Agreement or Permit) of Section C., Who Is An Insured, does not apply to the person or organization shown in the Declarations. These coverages are subject to the terms and conditions applicable to Business Liability Coverage in this policy, except as provided below:

### 1. Additional Insured - Designated Person Or Organization

WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- a. In the performance of your ongoing operations; or
- b. In connection with your premises owned by or rented to you.

### 2. Additional Insured - Managers Or Lessors Of Premises

- a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Designated Person Or Organization; but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Declarations.

- b. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (1) Any "occurrence" which takes place after you cease to be a tenant in that premises; or
- (2) Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

### 3. Additional Insured - Grantor Of Franchise

WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Grantor Of Franchise, but only with respect to their liability as grantor of franchise to you.

### 4. Additional Insured - Lessor Of Leased Equipment

- a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Lessor of Leased Equipment, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person(s) or organization(s).

- b. With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after you cease to lease that equipment.

### 5. Additional Insured - Owners Or Other Interests From Whom Land Has Been Leased

- a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured - Owners Or Other Interests From Whom Land Has Been Leased, but only with respect to liability arising out of the ownership, maintenance or use of that part of the land leased to you and shown in the Declarations.

- b. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (1) Any "occurrence" that takes place after you cease to lease that land; or
- (2) Structural alterations, new construction or demolition operations performed by or on behalf of such person or organization.

### 6. Additional Insured - State Or Political Subdivision - Permits

- a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the state or political subdivision shown in the Declarations as an Additional

Insured – State Or Political Subdivision - Permits, but only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.

- b. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

- (1) "Bodily injury", "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality; or
- (2) "Bodily injury" or "property damage" included in the "product-completed operations" hazard.

**7. Additional Insured – Vendors**

- a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) (referred to below as vendor) shown in the Declarations as an Additional Insured - Vendor, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business and only if this Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".
- b. The insurance afforded to the vendor is subject to the following additional exclusions:

- (1) This insurance does not apply to:
  - (a) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
  - (b) Any express warranty unauthorized by you;
  - (c) Any physical or chemical change in the product made intentionally by the vendor;
  - (d) Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

- (e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

- (f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

- (g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or

- (h) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

- (i) The exceptions contained in Subparagraphs (d) or (f); or

- (ii) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

- (2) This insurance does not apply to any insured person or organization from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

**8. Additional Insured – Controlling Interest**

WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured – Controlling Interest, but only with respect to their liability arising out of:

- a. Their financial control of you; or
- b. Premises they own, maintain or control while you lease or occupy these premises.

This insurance does not apply to structural alterations, new construction and demolition operations performed by or for that person or organization.

**9. Additional Insured – Owners, Lessees Or Contractors – Scheduled Person Or Organization**

a. WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or organization(s) shown in the Declarations as an Additional Insured – Owner, Lessees Or Contractors, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

(1) In the performance of your ongoing operations for the additional insured(s); or

(2) In connection with "your work" performed for that additional insured and included within the "products-completed operations hazard", but only if this Coverage Part provides coverage for "bodily injury" or "property damage" included within the "products-completed operations hazard".

b. With respect to the insurance afforded to these additional insureds, this insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering or surveying services, including:

(1) The preparing, approving, or failure to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or

(2) Supervisory, inspection, architectural or engineering activities.

**10. Additional Insured – Co-Owner Of Insured Premises**

WHO IS AN INSURED under Section C. is amended to include as an additional insured the person(s) or Organization(s) shown in the Declarations as an Additional Insured – Co-Owner Of Insured Premises, but only with respect to their liability as co-owner of the premises shown in the Declarations.

The limits of insurance that apply to additional insureds are described in Section D. – Limits Of Insurance.

How this insurance applies when other insurance is available to an additional insured is described in the Other Insurance Condition in Section E. – Liability And Medical Expenses General Conditions.

**G. LIABILITY AND MEDICAL EXPENSES DEFINITIONS**

1. "Advertisement" means the widespread public dissemination of information or images that has the purpose of inducing the sale of goods, products or services through:

- a. (1) Radio;
- (2) Television;
- (3) Billboard;
- (4) Magazine;
- (5) Newspaper;

b. The Internet, but only that part of a web site that is about goods, products or services for the purposes of inducing the sale of goods, products or services; or

c. Any other publication that is given widespread public distribution.

However, "advertisement" does not include:

a. The design, printed material, information or images contained in, on or upon the packaging or labeling of any goods or products; or

b. An interactive conversation between or among persons through a computer network.

2. "Advertising idea" means any idea for an "advertisement".

3. "Asbestos hazard" means an exposure or threat of exposure to the actual or alleged properties of asbestos and includes the mere presence of asbestos in any form.

4. "Auto" means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".

5. "Bodily injury" means physical:

- a. Injury;
- b. Sickness; or
- c. Disease

sustained by a person and, if arising out of the above, mental anguish or death at any time.

6. "Coverage territory" means:



- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
  - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in **a.** above;
  - c. All other parts of the world if the injury or damage arises out of:
    - (1) Goods or products made or sold by you in the territory described in **a.** above;
    - (2) The activities of a person whose home is in the territory described in **a.** above, but is away for a short time on your business; or
    - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication
- provided the insured's responsibility to pay damages is determined in the United States of America (including its territories and possessions), Puerto Rico or Canada, in a "suit" on the merits according to the substantive law in such territory, or in a settlement we agree to.
7. "Electronic data" means information, facts or programs:
- a. Stored as or on;
  - b. Created or used on; or
  - c. Transmitted to or from
- computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
8. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
9. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
10. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
11. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or

- b. You have failed to fulfill the terms of a contract or agreement;
- if such property can be restored to use by:
- a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
  - b. Your fulfilling the terms of the contract or agreement.
12. "Insured contract" means:
- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning or explosion to premises while rented to you or temporarily occupied by you with permission of the owner is subject to the Damage To Premises Rented To You limit described in Section **D.** – Liability and Medical Expenses Limits of Insurance.
  - b. A sidetrack agreement;
  - c. Any easement or license agreement, including an easement or license agreement in connection with construction or demolition operations on or within 50 feet of a railroad;
  - d. Any obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
  - e. An elevator maintenance agreement; or
  - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.
- Paragraph **f.** includes that part of any contract or agreement that indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing.
- However, Paragraph **f.** does not include that part of any contract or agreement:

- (1) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
- (a) Preparing, approving or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders, designs or drawings and specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (2) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (1) above and supervisory, inspection, architectural or engineering activities.
13. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
14. "Loading or unloading" means the handling of property:
- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
  - b. While it is in or on an aircraft, watercraft or "auto"; or
  - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;
- but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".
15. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
  - b. Vehicles maintained for use solely on or next to premises you own or rent;
  - c. Vehicles that travel on crawler treads;
  - d. Vehicles, whether self-propelled or not, on which are permanently mounted:
- (1) Power cranes, shovels, loaders, diggers or drills; or
  - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in a., b., c., or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
- (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
  - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in a., b., c., or d. above maintained primarily for purposes other than the transportation of persons or cargo.
- However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":
- (1) Equipment, of at least 1,000 pounds gross vehicle weight, designed primarily for:
    - (a) Snow removal;
    - (b) Road maintenance, but not construction or resurfacing; or
    - (c) Street cleaning;
  - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
  - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
16. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.
17. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
- a. False arrest, detention or imprisonment;
  - b. Malicious prosecution;

- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that the person occupies, committed by or on behalf of its owner, landlord or lessor;
  - d. Oral, written or electronic publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
  - e. Oral, written or electronic publication of material that violates a person's right of privacy;
  - f. Copying, in your "advertisement", a person's or organization's "advertising idea" or style of "advertisement";
  - g. Infringement of copyright, slogan, or title of any literary or artistic work, in your "advertisement"; or
  - h. Discrimination or humiliation that results in injury to the feelings or reputation of a natural person.
18. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
19. "Products-completed operations hazard";
- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
    - (1) Products that are still in your physical possession; or
    - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed to be completed at the earliest of the following times:
      - (a) When all of the work called for in your contract has been completed.
      - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
      - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business includes the selling, handling or distribution of "your product" for consumption on premises you own or rent.

- b. Does not include "bodily injury" or "property damage" arising out of:
  - (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
  - (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

20. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of "occurrence" that caused it.

As used in this definition, "electronic data" is not tangible property.

21. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

22. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

23. "Volunteer worker" means a person who:

- a. Is not your "employee";

- b. Donates his or her work;
- c. Acts at the direction of and within the scope of duties determined by you; and
- d. Is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

**24. "Your product":**

**a. Means:**

- (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
  - (a) You;
  - (b) Others trading under your name; or
  - (c) A person or organization whose business or assets you have acquired; and
- (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

**b. Includes:**

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

- (2) The providing of or failure to provide warnings or instructions.

- c. Does not include vending machines or other property rented to or located for the use of others but not sold.

**25. "Your work":**

**a. Means:**

- (1) Work or operations performed by you or on your behalf; and
- (2) Materials, parts or equipment furnished in connection with such work or operations.

**b. Includes:**

- (1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and
- (2) The providing of or failure to provide warnings or instructions.



## STRETCH FOR SCHOOLS SUMMARY

### SUMMARY OF COVERAGE LIMITS AND INDEX

This is a summary of the Coverages and Limits Of Insurance provided by the Stretch for Schools Coverage form SS 40 42 which is included in this policy. Refer to coverage form SS 40 42 to determine the scope of your insurance protection.

The Limit of Insurance for the following Additional Coverages are in addition to any other limit of insurance provided under this policy:

Coverage	Limit
Accounts Receivable – On/Off Premises	\$ 100,000
Additional Covered Property	Included
Animals	\$ 25,000/ \$1,500 per Animal
Claim Expenses	\$ 5,000
Computers and Media	\$ 50,000
Debris Removal	\$ 25,000
Fine Arts	\$ 25,000
Fire Department Service Charge Revised Limit	\$ 25,000
Lost Keys	\$ 500
Off-Premises Utility Services – Direct Damage	\$ 25,000
Ordinance or Law Coverage –	
- Loss to the Undamaged Portion of the Building	Included in Building Limit
- Demolition	\$ 100,000
- Increased Cost of Construction	\$ 100,000
Pairs or Sets	Up to Business Personal Property Limit
Paved Surfaces	\$ 100,000
Personal Property of Others	\$ 50,000
Pollutants and Contaminates – Clean Up Increased Limits	\$ 25,000
Property at Other Premises	\$ 10,000
Salespersons' Samples	\$ 5,000
Sewer and Drain Back Up	Included up to Covered Property Limit
Sump Overflow or Sump Pump Failure	\$ 15,000
Temperature Change	\$ 25,000
Tenant Building and Business Personal Property Coverage-Required by Lease	\$ 20,000
Transit Property in the Care of Carriers for Hire	\$ 100,000
Unauthorized Business Card Use	\$ 2,500
Valuable Papers and Records – On/Off Premises	\$ 100,000

The Limits of Insurance for the following Coverage Extensions are a replacement of the Limit of Insurance provided under the Standard Property Coverage Form or the Special Property Coverage Form, whichever applies to the policy:

Coverage	Limit
Harvested Crops	\$ 25,000
Newly Acquired or Constructed Property – 180 Days	
Building	\$1,000,000
Business Personal Property	\$ 500,000
Business Income and Extra Expense	\$ 500,000
Outdoor Property	\$ 25,000 aggregate/ \$1,000 per item
Personal Effects of Employees	\$50,000 /\$10,000 per Employee Tools
Personal Effects of Students	\$100,000 /\$2,500 per Student
Property Off Premises	\$50,000

The following changes apply only if Business Income and Extra Expense are covered under this policy. The Limits of Insurance for the following Business Income and Extra Expense Coverages are in addition to any other Limit of Insurance provided under this policy:

<b>Coverage</b>	<b>Limit</b>
Business Income Extension for Off-Premises Utility Services	\$ 25,000
Business Income from Auxiliary Operations	\$25,000
Temporarily Leased or Rented Properties	10% of Business Income Limit Up to \$100,000

The following Limit of Insurance for the following Business Income Coverage is a replacement of the Limit of Insurance provided under the Standard Property Coverage Form or the Special Property Coverage Form, whichever applies to the policy:

<b>Coverage</b>	<b>Limit</b>
Extended Business Income	120 Days

The following changes apply only if the Special Property Coverage Form applies to this policy. The Limits of Insurance for the following Additional Coverages are a replacement of the limit of insurance provided under the Special Property Coverage form:

<b>Coverage</b>	<b>Limit</b>
Theft of Patterns, Dies, Molds and Forms	Up to Business Personal Property Limit



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EDUCATOR'S BUSINESS LIABILITY BROAD FORM ENDORSEMENT**

This endorsement modifies insurance provided under the following:

### **BUSINESS LIABILITY COVERAGE FORM**

#### **1. INCIDENTAL MEDICAL MALPRACTICE FOR SCHOOLS**

- a. Paragraph 1.e.(1) – **Incidental Malpractice** (Section A. – COVERAGES) is deleted and replaced by the following:

**e. Incidental Malpractice**

- (1) "Bodily injury" arising out of the rendering of or failure to render professional health care services as a physician, dentist, nurse, emergency medical technician, paramedic or athletic trainer shall be deemed to be caused by an "occurrence", but only if the physician, dentist, nurse, emergency medical technician, paramedic or athletic trainer is employed by you to provide such services.

- b. Paragraph 2.a. of SECTION C. – WHO IS AN INSURED is amended to add athletic trainers as insureds, but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

- c. If the educational institution owns or operates an infirmary with facilities for lodging and treatment or a public clinic or hospital, paragraphs 1.a. and b. above do not apply; and

The following exclusions are added to paragraph 1., **Applicable to Business Liability Coverage** of SECTION B. – EXCLUSIONS:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of:

- (1) The rendering of or the failure to render:

- (a) Medical, surgical, dental, x-ray or nursing service, treatment, advice or instruction, or the related furnishing of food or beverages;
- (b) Any health or therapeutic service, treatment, advice or instruction; or
- (c) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming.
- (2) The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances; or
- (3) The handling or treatment of corpses, including autopsies, organ donation or other procedures.

#### **2. CORPORAL PUNISHMENT COVERAGE**

Subparagraph (1) of Exclusion 1.a. (SECTION B. – EXCLUSIONS) is replaced by the following:

**a. Expected or Intended Injury**

- (1) "Bodily injury" or "property damage" expected or intended from the standpoint of the insured.

This exclusion does not apply to "bodily injury" or "property damage" resulting from:

- (a) The use of reasonable force to protect persons or property; or
- (b) Corporal punishment to your student administered by or at the direction of any insured.

**3. TRANSPORTATION OF STUDENTS EXCLUSION AND NON-OWNED WATERCRAFT EXCEPTION**

With respect to the transportation of students, exclusion **1.g.** (SECTION **B.** – EXCLUSIONS) is replaced by the following:

This insurance does not apply to:

- g.** "Bodily injury" or "property damage" arising out of the ownership, maintenance, operation, use, "loading or unloading" or entrustment to others of any aircraft, "auto" or watercraft that is owned, operated or hired by an insured. For the purpose of this exclusion, the word hired includes any contract to furnish transportation of your students to and from schools.

This exclusion applies even if the claims against the insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned, operated or hired by any insured.

However, this exclusion does not apply to watercraft that are:

- (1) Not owned by you; and
- (2) Not being used to carry persons for a charge.

**4. MEDICAL PAYMENTS FOR STUDENTS AND STUDENT ATHLETES**

Paragraph **2.**, **Applicable to Medical Expenses Coverage** (SECTION **B.** – EXCLUSIONS), is amended as follows:

Exclusions **a.**, **b.**, **c.** and **e.** do not apply to your students or athletic participants who are students at another school and are on your "campus" for the purpose of a sponsored sporting event.

Coverage for students or athletic participants is excess over any other valid and collectible insurance available to the student whether primary, excess, contingent or any other basis, and the Other Insurance condition is changed accordingly.

This provision does not apply if paragraph **2.**, **Medical Expenses** (SECTION **A.** – COVERAGES) is excluded by endorsement.

**5. ADDITIONAL INSURED**

SECTION **C.** - WHO IS AN INSURED is amended to include as an insured any of the following but only with respect to their duties in connection with the positions described below:

- a.** Any of your trustees or members of your Board of Governors if you are a charitable or educational institution.
- b.** Any of your board members or commissioners if you are a public board or commission.
- c.** Any student teachers, graduate teaching assistants, work-grant students or interns teaching as part of their educational requirements or performing other educational duties at your direction.

**6. PER CAMPUS GENERAL AGGREGATE LIMIT**

The General Aggregate Limit under paragraph **2.**, **Aggregate Limits** (SECTION **D.** – LIABILITY AND MEDICAL EXPENSES LIMITS OF INSURANCE) applies separately to each "campus".

As used in this endorsement, "campus" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.





**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BUSINESS INCOME EXTENSION FOR OFF-PREMISES UTILITY SERVICES**

This endorsement modifies insurance provided under the following:

### **STANDARD PROPERTY COVERAGE FORM SPECIAL PROPERTY COVERAGE FORM**

This insurance applies only when Business Income and Extra Expense is shown in the Declarations as applicable. Except as otherwise stated in this endorsement, the terms and conditions of the policy apply to the insurance stated below.

#### **A. BUSINESS INCOME EXTENSION FOR OFF-PREMISES UTILITY SERVICES**

This Coverage Extension applies only when the Business Income Additional Coverage is included in this policy.

We will pay for loss of Business Income or Extra Expense at the "scheduled premises" caused by the interruption of service to the "scheduled premises". The interruption must result from direct physical loss or physical damage by a Covered Cause of Loss to the following property not on "scheduled premises":

1. "Water Supply Services";
2. "Communication Supply Services"; or
3. "Power Supply Services".

#### **B. WAITING PERIOD**

We will only pay for loss you sustain after the first 12 consecutive hours following the direct physical loss of or physical damage to the off-premises property to which this endorsement applies. We will not pay for any reduction in business income or extra expense after electricity, steam or gas has been restored to the "scheduled premises".

#### **C. LIMIT OF INSURANCE**

The most we will pay for loss under this extension is \$25,000 at each "scheduled premises".

#### **D. ADDITIONAL DEFINITIONS**

1. **"Water Supply Services"**, meaning the following types of property supplying water to the "scheduled premises":
  - a. Pumping stations; and
  - b. Water mains.
2. **"Communication Supply Services"**, meaning property, including overhead transmission lines supplying communication services, including telephone, radio, microwave or television services, to the "scheduled premises", such as:
  - a. Communication transmission lines, including optic fiber transmission lines;
  - b. Coaxial cables; and
  - c. Microwave radio relays except satellites.
3. **"Power Supply Services"**, meaning the following types of property supplying electricity, steam or gas, including overhead transmission lines to the "scheduled premises":
  - a. Utility generating plants;
  - b. Switching stations;
  - c. Substations;
  - d. Transformers; and
  - e. Transmission Lines.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## FINE ARTS

This endorsement modifies insurance provided under the following:

### SPECIAL PROPERTY COVERAGE FORM

This insurance applies only when the property is covered under the Special Property Coverage Form. Except as otherwise stated in this endorsement, the terms and conditions of the policy apply to the insurance stated below.

The following changes are made to the Special Property Coverage Form:

**A. Under A. Coverage:**

1. The following paragraph is added to **1. Covered Property**:  
Fine Arts listed and described in the Declarations or Schedule which are:
  - a. Owned by you; or
  - b. Owned by others, and in your care, custody and control; and
  - c. Located at the "scheduled premises", or in transit to and from the "scheduled premises", or at your residence.
2. The following is added to Paragraph **2. Property Not Covered** with respect to coverage afforded by this endorsement:  
Property on exhibition at fairgrounds or at any type of exposition, unless such locations are listed and described in the Declarations or Schedule.
3. The following special Limitation provision applies to property covered by this endorsement:  
Art glass windows, glassware, statuary, marbles, bric-a-brac, porcelains and other articles of fragile or brittle nature are covered against loss by breakage only if loss or damage is caused by "specified causes of loss."

4. Section **B. EXCLUSIONS** do not apply to coverage afforded under this endorsement, except for:

- (1) **Governmental Action;**
- (2) **Nuclear Hazard;** and
- (3) **War and Military Action.**

**5. Additional Exclusions**

We will not pay for physical loss or physical damage caused by or resulting from:

- a. Delay, loss of use, loss of market, or any other causes of consequential loss;
- b. Wear and tear, depreciation or obsolescence;
- c. Rust, corrosion, fungus, decay, deterioration, hidden or latent defect, or any quality in property that causes it to damage or destroy itself;
- d. Insects, birds, rodents or other animals.
- e. Dishonest acts by:
  - (1) You or any of your partners;
  - (2) Your directors or trustees;
  - (3) Your authorized representatives or employees; or
  - (4) Anyone, other than a carrier for hire, to whom you entrusted the Covered Property, including their employees, for any purpose:  
Whether acting alone or in collusion with others; and  
Whether or not occurring during the hours of employment.

- f. Voluntary parting with any property whether or not induced to do so by any fraudulent scheme, trick, device or false pretense.
- g. Unauthorized instructions to transfer property to any person or to any place.
- h. Theft from any unattended vehicle unless at the time of theft its windows, doors and compartments were closed and locked and there are visible signs that the theft was the result of forced entry.  
But this exclusion does not apply to property in the custody of a carrier for hire.
- i. Processing or work performed upon the property.

**B. Limits of Insurance**

Section C. LIMITS OF INSURANCE is replaced by the following:

The most we will pay for physical loss or physical damage in any one occurrence for property covered under this endorsement is the Limit of Insurance shown in the Declarations for "Fine Arts", but no more than \$25,000 for any one item of "Fine Arts".

**C. Deductible**

We will adjust loss in any one occurrence under this endorsement as a single loss. The only deductible amount that applies under this coverage is the larger of:

- 1. \$250; or
- 2. The amount shown in the Declarations as a deductible applicable to this coverage.

**D. Additional Conditions****1. Valuation**

The following is added to Section E. **PROPERTY LOSS CONDITIONS:**

The value of Covered Property will be the amount shown in the Declarations or Schedule for each item of Covered Property, which is agreed to be the value of the item.

**2. Pair or Set**

In case of total loss to an item of Covered Property which is part of a pair or set, we agree to pay you the full amount of the pair or set as shown in the Declarations or Schedule and you agree to surrender the remaining item(s) of the pair or set to us.

**3. Packing**

You agree that Covered Property will be packed and unpacked by competent packers.

**E. Additional Definition**

The following definition is added to Section H. **DEFINITIONS:**

"Fine Arts" meaning paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, manuscripts, porcelains, rare glass, bric-a-brac, and similar property of rarity, historical value or artistic merit.

**F. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the Covered Property, subject to the Limit of Insurance.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **TRANSIT COVERAGE – PROPERTY IN THE CARE OF CARRIERS FOR HIRE**

This endorsement modifies insurance provided under the following:

### **SPECIAL PROPERTY COVERAGE FORM**

Except as otherwise stated in this endorsement the terms and conditions of the policy and of the Special Property Coverage Form apply to the insurance stated below.

**A.** With respect to this Transit Coverage – Property in the Care of Carriers for Hire only, the following changes are made to the Special Property Coverage Form:

1. Under **A.4. Limitations**, subparagraph **c.(3)** which limits coverage for patterns, dies, molds and forms, is deleted.
2. Under **B. Exclusions**
  - a. Exclusions **1.a.** (Earth Movement) and **1.f.** (Water) do not apply to property in transit.
  - b. Exclusions **2.e.** (Dishonesty) and **2.g.** (Exposed Property) do not apply to property in custody of a carrier for hire.
  - c. Exclusion **2.f.** (False Pretense) does not apply to loss or damage caused by your good faith acceptance of false bills of lading or shipping receipts.
  - d. The following Exclusion is added:  
We will not pay for physical loss or physical damage caused by or resulting from poor or insufficient packaging or packing.

**B. Transit Coverage – Property in the Care of Carriers for Hire**

1. The insurance that applies to your Business Personal Property and Personal Property of Others is extended to apply to shipments of that property while in transit at your risk, by motor vehicle, railroad car or aircraft between points within the Coverage Territory. This includes property you have sold and for which your responsibility continues until it is delivered.

2. The Transit Coverage – Property in the Care of Carriers for Hire also applies to:

**a. Expenses to Inspect, Repackage and Reship Damaged Shipments**

The necessary additional expenses you incur to inspect, repackage and reship Covered Property which is physically damaged as a result of a Covered Cause of Loss.

**b. Expenses to Protect Covered Property from Spoilage or Change in Temperature**

The necessary additional expense you incur to temporarily store Covered Property in a temperature controlled environment in order to avoid or minimize physical loss or physical damage to such property from spoilage or change in temperature. Such temporary storage must be made necessary by the sudden and accidental breakdown of heating or refrigeration unit(s) on transporting conveyances.

This additional expense will not include:

- (1) Expenses to repair or replace heating or refrigeration unit(s);
- (2) Costs or penalties due to detention or delay of any vehicles, trailers, conveyances or containers; or
- (3) Costs for additional wages, room, board or meals.

**c. F.O.B. Shipments**

Outgoing shipments where the risk of physical loss or physical damage is transferred to the buyer when such property leaves your premises.

You must use all reasonable means to collect the amount due you from the buyer

before making a claim under this Transit Coverage. We will not make payment until you grant us the right of recovery against the buyer.

**d. Loading and Unloading**

Shipments during loading or unloading and within 500 feet of any transporting conveyance.

**e. Return Shipments**

Outgoing shipments which have been rejected by the consignee or are not deliverable, while:

- (1) In due course of transit, being returned to you; or
- (2) Up to 10 days after delivery or attempted delivery awaiting return shipment to you.

Payment under paragraphs **a.**, **b.**, **c.**, **d.** and **e.** above will not increase the Transit Coverage Limit of Insurance.

**C. Under this Transit Coverage – Property in the Care of Carriers for Hire, we will not pay for:**

1. Property in the care, custody or control of your salespersons.
2. Mail shipments in the custody of the U.S. Postal Service.
3. Property of Others for which you are responsible as a:
  - a. Carrier for hire; or
  - b. Carloader, consolidator, broker, freight forwarder, shipping association, or other arranger of transportation.
4. Property in or on a motor vehicle you own, lease or operate.

**D. Limit of Insurance**

The Limit of Insurance shown in the Declarations for Transit Coverage – Property in the Care of Carriers for Hire is the most we will pay for all physical loss or physical damage in any one occurrence to property insured under this endorsement.

**E. Deductible**

We will not pay for physical loss or physical damage in any one occurrence until the amount of physical loss or physical damage exceeds \$250. We will then pay the amount of physical loss or physical damage in excess of \$250 up to the applicable Limit of Insurance.

**F. Additional Conditions**

**1. Valuation**

Property Loss Condition **E.5.** is deleted and replaced by the following:

**a. Valuation**

**(1) Property You Own**

The value of Covered Property will be the amount of invoice plus accrued charges, prepaid charges and charges since shipment; or

- (2)** In the absence of an invoice, the value of Covered Property will be its actual cash value, with proper deduction for depreciation, at the point of destination on the date of expected arrival.

**b. Property of Others**

The most we will pay for Covered Property owned by others is the lesser of:

- (1)** Your legal liability for direct physical loss or physical damage to such property; or
- (2)** What we would pay if you had owned the property.

**2. Impairment of Rights of Recovery**

We will not pay for physical loss or physical damage, if you impair our rights to recover damages from any carrier for hire. But you may accept from carriers for hire bills of lading, receipts or contracts of transportation which contain a limitation of value.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ACCOUNTS RECEIVABLE**

This endorsement modifies insurance provided under the following:

**STANDARD PROPERTY COVERAGE FORM  
SPECIAL PROPERTY COVERAGE FORM**

This coverage applies only when it is indicated in the Declarations. The provisions of this policy apply to the coverage stated in this endorsement, except as indicated below.

**A.** When shown in the Declarations as applicable, the Limit of Insurance stated in paragraph **A.5.a.(1), Accounts Receivable**, in the Standard Property Coverage Form and **A.6.a.(1), Accounts Receivable**, in the Special Property Coverage Form is replaced by the Limit of Insurance for Accounts Receivable shown in the Declarations. All other terms and conditions of the Accounts Receivable Coverage Extension apply to this Optional Coverage.

**B. Limit of Insurance**

The most we will pay under this coverage extension in any one occurrence is the Limit of Insurance shown in the Declarations for Accounts Receivable.

**C. Deductible**

We will not pay for loss in any one occurrence unless the amount of loss exceeds the policy deductible stated in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the Limit of Insurance.

**D. Additional Conditions**

- (1)** If you cannot accurately establish the value of accounts receivable outstanding as of the time of direct physical loss or physical damage the following method will be used:
  - (a)** Determine the total of the average monthly value of accounts receivable for the 12 months immediately preceding the month in which the direct physical loss or physical damage occurred; and
  - (b)** Adjust that total for any normal fluctuations in the value of accounts receivable for the month in which the direct physical loss or physical damage occurred or for any demonstrated variance from the average for that month.
- (2)** The following will be deducted from the total value of accounts receivable, however that value is established:
  - (a)** The value of the accounts for which there is no loss or damage;
  - (b)** The value of the accounts that you are able to reestablish or collect;
  - (c)** A value to allow for probable bad debts that you are normally unable to collect; and
  - (d)** All unearned interest and service charges.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **COMPUTERS AND MEDIA**

This endorsement modifies insurance provided under the following:

### **STANDARD PROPERTY COVERAGE FORM SPECIAL PROPERTY COVERAGE FORM**

The provisions of this policy apply to the coverage stated in this endorsement, except as indicated below.

#### **A. Computer Equipment, Data and Software**

##### **1. Coverage**

We will pay for direct physical loss of or physical damage, to "computer equipment" and the cost to research, replace or restore physically lost or physically damaged "data" and "software" subject to the Limit of Insurance shown in the Declarations for Computers and Media while anywhere within the policy territory, and while in transit, but only if:

- a. Owned by you; or
- b. Owned by others but in your care, custody and control regardless of whether you use it for personal or business needs.

##### **2. Property Not Covered**

"Computer Equipment" as used in this optional coverage does not include:

- a. Source documents, other than manuals purchased with hardware or "software";
- b. Worksheets and printouts;
- c. Property held for sale or lease;
- d. Property leased or rented to others; or
- e. "Money", deeds, notes, "securities" or other financial instruments, including such instruments in electronic form.

##### **3. Extended Causes of Loss**

Direct physical loss or physical damage to "computer equipment", "data" or "software" is extended to include the following:

- a. Electromagnetic injury caused by:
  - (1) Blackout or brownout;

- (2) Power Failure;

- (3) Airport security check, or radio or telephone line interference; or

- (4) Electromagnetic disturbance outside the "computer system".

- b. Head crash, meaning physical damage to disks, tapes or hardware caused by a contact of electromagnetic heads (which read or write information) with such disks or tapes;

- c. Damage caused by a "computer virus"; and

- d. Theft of "computer equipment" away from the "scheduled premises". Theft means an act of stealing or an attempt to steal. Theft includes loss of property from a known place when it is likely that the property has been stolen.

##### **4. Exclusion**

We will not pay to research, replace or restore physically lost or physically damaged "data" or "software" which is licensed, leased or rented to others.

##### **5. Deductible**

We will not pay for loss or damage in any one occurrence to "computer equipment" until the amount of loss or damage exceeds \$250, unless a separate deductible is stated in the Declarations for Computers and Media Coverage.

#### **B. Additional Coverage**

##### **1. Business Income and Extra Expense Coverage**

If Business Income and Extra Expense Coverage is included in this policy then the following applies.

**a. Coverage**

The following Additional Coverages in the Standard or Special Property Coverage Form apply to "computer equipment", "data" and "software":

- (1) Business Income;
- (2) Extra Expense;
- (3) Civil Authority; and
- (4) Extended Business Income.

**b. Coverage Limitations**

The following limitations apply only if the physical loss or physical damage is a direct result of the **Extended Causes of Loss** for "computer equipment", "software" and "data" as indicated below.

**(1) Limit of Insurance**

This Additional Coverage is included in the Limit of Insurance for Computers and Media shown in the Declarations when the actual loss of business income and extra expense you incur due to the necessary suspension (slowdown or cessation) of your operations is a result of:

- (a) A cause of loss included in **A.3.a.**, **b.** or **c.**, **Extended Causes of Loss**, of this endorsement; or
- (b) Physical damage or physical loss to "computer equipment", "data", and "software" that was away from the scheduled premises at the time of loss.

This is not an additional limit of insurance.

**(2) Waiting Period**

We will not pay for any covered Business Income loss you sustain under this provision due to physical loss or physical damage to "data", or "software" caused by a "computer virus" which results in the necessary suspension (slowdown or cessation) of your business described in the Declarations during the first 12 hours that immediately follow the start of such suspension. This Waiting Period applies independent of the deductible applicable to "Computer Equipment".

**2. Equipment Breakdown Coverage**

The Additional Coverage for Equipment Breakdown applies to "computer equipment",

"data", and "software" when this endorsement is attached to the Special Property Coverage Form and Equipment Breakdown Additional Coverage is included on the policy.

**C. Exclusion of Certain Computer Related Losses**

The provisions of this endorsement do not override or in any way affect the application of the Exclusion of Certain Computer Related Losses if such exclusion is endorsed to or otherwise made a part of this policy. That exclusion addresses the inability of a "computer system" to correctly recognize process, distinguish, interpret or accept one or more dates or times.

**D. Exclusions**

1. Section **B. Exclusions**, of the Standard or Special Property Coverage Form do not apply to coverage provided by this endorsement, except for the exclusions of:

- a. Earth Movement;
- b. Governmental Action;
- c. Nuclear Hazard;
- d. War and Military Action; and
- e. Water.

**2. Additional Exclusions**

We will not pay for loss or damage caused by or resulting from:

- a. Input, programming or processing errors;
- b. Mechanical breakdown or failure, however head crash will not be considered as a mechanical breakdown or failure.

This exclusion does not apply to "computer equipment", "data", and "software" when this endorsement is attached to the Special Property Coverage Form and Equipment Breakdown Additional Coverage is included on the policy;

- c. Faulty construction, materials or workmanship;
- d. Error, omission or deficiency in design;
- e. Rust, corrosion, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- f. Dryness or dampness of atmosphere; changes in or extremes of temperature;
- g. Wear and tear, marring or scratching;
- h. Insects, birds, rodents, or other animals;
- i. Obsolescence;



- j. Dishonest or criminal acts by you, any of your partners, employees, trustees, authorized representatives or anyone to whom you entrust the property for any purpose, whether acting alone or in collusion with others;
- k. Unexplained disappearance, however we will cover theft of "computer equipment" as provided in provision **A.3.d.**;
- l. Unlawful trade, or seizure by orders of governmental authority;
- m. Delay or loss of market; and
- n. Theft of laptop, palmtop or similar portable property while in transit as checked baggage.

#### **E. Limit of Insurance**

The most we will pay for physical loss or physical damage in any one occurrence is the Limit of Insurance for Computers and Media shown in the Declarations.

#### **F. Loss Payment**

This Loss Payment condition is applicable to the "computer equipment", "data", and "software" coverage provided by this endorsement. We will determine the value of Covered Property as follows:

1. "Computers," "peripheral devices", "media", and manuals at the full cost of repair or replace the property subject to the Limit of Insurance. However, we will not pay more for physical loss or physical damage on a replacement cost basis than the lesser of and the following:
  - a. The amount necessary to replace the item with similar property possessing the minimum characteristics necessary to perform the same functions when replacement with identical property is not possible or practical.
  - b. The amount necessary to repair or replace the item with one substantially identical to the physically lost or physically damaged item. In the event of a covered total loss to one or more items, we will allow up to 20% over the current replacement cost as described in this provision, as an Optional Upgrade Allowance for the purchase of new property with upgraded processing or performance characteristics. This Optional Upgrade Allowance will, at our option, be payable after you have purchased the

replacement property and have provided us with written proof of such purchases; or

- c. If the item is not repaired or replaced, we will not pay more than the actual cash value of the item at the time of physical loss or physical damage. If you elect this option, you have the right to make further claim within 180 days after loss for any additional payment on a replacement cost basis.
2. In the event of physical loss or physical damage to "data" or "software", we will pay the reasonable amount you actually spend to reproduce, restore, or replace the physically lost or physically damaged "data" or "software". This includes the cost of computer consultation services for restoration and the cost of research to reconstruct lost or damaged information. But we will not pay more than the Limit of Insurance for Computers and Media specified in the Declarations.
3. In the event of physical loss or physical damage to any part of "computer equipment", "data" or "software", we will pay only what it would cost to replace, reproduce, or restore the physically lost or physically damaged part.

#### **G. Additional Definitions**

1. "Computer Virus" means a program, which is intentionally created to cause damage or disruption in the computer operations of a party using or coming in contact in any way with the program.
2. "Computer System" includes "computer", "peripheral devices", "software", and "data" necessary for the "computer" to function for its intended purpose.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **PERSONAL PROPERTY OF OTHERS**

This endorsement modifies insurance provided under the following:

**STANDARD PROPERTY COVERAGE FORM  
SPECIAL PROPERTY COVERAGE FORM**

This coverage applies only when it is indicated in the Declarations. The provisions of this policy apply to the coverage stated in this endorsement, except as indicated below.

We will pay, on replacement cost basis, for direct physical loss or physical damage by a Covered Cause of Loss to Personal Property of Others that is in your care, custody and control.

The most we will pay for direct physical loss or physical damage in any one occurrence is the Limit of Insurance applicable to Personal Property of Others shown in the Declarations.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **TEMPERATURE CHANGE**

This endorsement modifies insurance provided under the following:

### **STANDARD PROPERTY COVERAGE FORM SPECIAL PROPERTY COVERAGE FORM**

This coverage applies only when it is indicated in the Declarations. The provisions of this policy apply to the coverage stated in this endorsement, except as indicated below.

**A.** We will pay for direct physical loss of or physical damage to "perishable stock" at the "scheduled premises" caused by or resulting from:

1. A change in temperature or humidity resulting from:

(a) Mechanical breakdown or failure of:

- (1) Stationary heating plants; or
- (2) Refrigerating, cooling or humidity control apparatus or equipment;

But only while such plants, equipment or apparatus are at the "scheduled premises".

(b) Complete or partial failure of electric power, either on or away from your "scheduled premises". Such failure of power must be due to conditions beyond your control; or

2. Contamination by a refrigerant.

#### **B. SELLING PRICE**

We will determine the value of finished "perishable stock" in the event of direct physical loss or physical damage at the selling price, as if no physical loss or physical damage had occurred less discounts and expenses you otherwise would have had.

**C.** We will not pay for direct physical loss of or physical damage to "perishable stock" located:

- 1. On buildings;
- 2. In the open; or
- 3. In vehicles.

#### **D. EXCLUSIONS**

1. The following exclusions under SECTION B - EXCLUSIONS are deleted:

(a) Ordinance or Law;

(b) Power Failure; and

(c) Mechanical Breakdown in the Standard Property Coverage Form.

2. The following exclusions are added:

We will not pay for direct physical loss or physical damage caused by or resulting from:

(a) The disconnecting of any of the following systems from the source of power:

- (1) Refrigerating;
- (2) Cooling; or
- (3) Humidity control.

(b) The loss of electrical power caused by the shutting off of any switch or other device used to control the flow of electric power or current.

(c) The inability of an electrical utility company, your stationary heating plant or any other power source to provide sufficient heat or power due to:

- (1) Lack of fuel;
- (2) Lack of capacity to make enough heat or power; or
- (3) Order of the government.

(d) Breaking of any glass that is a permanent part of a refrigerating, cooling or humidity control unit.

#### **E. DEDUCTIBLE**

We will not pay for loss in any one occurrence unless the amount of loss exceeds the deductible stated in paragraph **D.5.** of the Standard Property Coverage Form or **D.5.** of the Special Property Coverage Form., unless a different deductible is stated in the

Declarations for Temperature Change. We will then pay the amount of loss in excess of the deductible, up to the Limit of Insurance.

**F. LIMIT OF INSURANCE**

The most we will pay for direct physical loss or physical damage in any one occurrence is the Limit of Insurance for Temperature Change shown in the Declarations.

**G. ADDITIONAL CONDITIONS**

1. We will pay for direct physical loss or physical damage under this Optional Coverage only when:
  - (a) Such physical loss or physical damage is not covered elsewhere in this policy or any other policy that insures the "perishable stock" at the "scheduled premises"; and
  - (b) This Temperature Change coverage is shown as a specific item of insurance in the Declarations.
2. In the event of physical loss or physical damage, none of the other coverages under this policy or any other policy will share in its payment unless the provisions of the policy are similar to the provisions of this Optional Coverage.
3. We will not pay more than the Limit of Insurance shown in the Declarations for the Temperature Change.

**H. ADDITIONAL DEFINITIONS**

For the purpose of this insurance:

1. "Mechanical breakdown" means:

- (a) Breaking or separation of any mechanical part(s) other than gas pipes or lines; or
- (b) Burning out of any electrical motor servicing such unit; and

requiring replacement of the damaged parts to become functional.

But "mechanical breakdown" does not mean faulty operation or failure of equipment which results in temperature change but does not require replacement of broken parts.

We will not pay for direct physical loss or physical damage to "perishable stock" caused by such faulty operation or failure of equipment.

2. "Perishable stock" means personal property:

- (a) Maintained under controlled conditions for its preservation; and
- (b) Susceptible to direct physical loss or physical damage if the controlled conditions change.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **VALUABLE PAPERS AND RECORDS**

This endorsement modifies insurance provided under the following:

### **STANDARD PROPERTY COVERAGE FORM SPECIAL PROPERTY COVERAGE FORM**

This coverage applies only when it is indicated in the Declarations. The provisions of this policy apply to the coverage stated in this endorsement, except as indicated below.

**A.** We will pay for direct physical loss of or physical damage to the following types of property at the "scheduled premises" that is your property or property of others in your care, custody or control:

Valuable Papers and Records, meaning inscribed, printed or written:

- (1) Documents;
- (2) Manuscripts;
- (3) Records including patient records; or
- (4) X-Rays

including abstracts, books, deeds, drawings, films, maps or mortgages.

**But Valuable Papers and Records does not include:**

- (1) Property that cannot be reproduced, replaced or restored;
- (2) "Money" and "Securities";
- (3) Converted data; or
- (4) Programs or instructions used in your data processing operations, including the material on which the data is recorded.

**B. Limit of Insurance**

The most we will pay for direct physical loss or physical damage in any one occurrence is the Limit of Insurance for Valuable Papers and Records shown in the Declarations.

**C. Deductible**

We will not pay for loss in any one Occurrence unless the amount of loss exceeds the policy deductible stated in the Declarations. We will then pay the amount of loss in excess of the Deductible, up to the Limit of Insurance.

**D.** Under this Optional Coverage we will not pay for property:

- (1) Held as samples or for delivery after sale;
- (2) In storage away from the premises shown in the Declarations; or
- (3) If such property can not be replaced with other property of like kind and quality.

**E.** With respect to this Optional Coverage, Coverage Extension **A.5.h.**, Property Off-Premises in the Standard Property Coverage Form and Coverage Extension **A.6.h.**, Property Off-Premises in the Special Property Coverage Form are replaced by the following:

1. You may apply the insurance provided under this Optional Coverage to Valuable Papers and Records while such property is not at the "scheduled premises", including while in transit. The most we will pay for direct physical loss or physical damage under this Coverage Extension is 25% of the Limit of Insurance shown in the Declarations for Valuable Papers and Records but not more than \$25,000.
2. However, if Valuable Papers and Records – Off-Premises is scheduled in the Declarations, then the limit in E.1. above is replaced by the limit of insurance shown in the Declarations for Valuable Papers and Records – Off-Premises.

**F.** The Valuable Papers and Records Coverage Extension, paragraph **A.5.i.** in the Standard Property Coverage Form and paragraph **A.6.i.** in the Special Property Coverage Form, do not apply to any premises where this Optional Coverage applies.

**G.** With respect to coverage provided by this endorsement, paragraph **E.5.d.(6)** in the Standard Property Coverage Form and in the Special Property Coverage Form are replaced by the following:

- (6) We will determine the value of "Valuable Papers and Records" at the cost of:
  - a. Blank materials for reproducing the records; and

- b. The reasonable cost to research, replace or restore the lost information.

H. **Section B. Exclusions** does not apply to this Optional Coverage except for:

- (1) Governmental Action;
- (2) Nuclear Hazard; and
- (3) War and Military Action.

I. **Additional Exclusions**

We will not pay for direct physical loss or physical damage caused by or resulting from any of the following:

- (1) Dishonest acts by:

- (a) You, or your employees or authorized representatives;
- (b) Anyone else with an interest in the property, or their employees or authorized representatives; or

- (c) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

But this exclusion does not apply to a carrier for hire.

- (2) Errors or omissions in processing or copying.

But we will pay for direct physical loss or physical damage caused by resulting fire or explosion.

- (3) Electrical or magnetic injury, disturbance or erasure of electronic recordings.

But we will pay for direct physical loss or physical damage caused by lightning.

- (4) Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- (5) Unauthorized instructions to transfer property to any person or to any place.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **OFF-PREMISES UTILITY SERVICES – DIRECT DAMAGE**

This endorsement modifies insurance provided under the following:

### **STANDARD PROPERTY COVERAGE FORM SPECIAL PROPERTY COVERAGE FORM**

Except as otherwise stated in this endorsement, the terms and conditions of the policy apply to the insurance stated below.

#### **A. DIRECT DAMAGE EXTENSION FOR OFF-PREMISES UTILITY SERVICES**

This Coverage Extension applies only to the "scheduled premises" shown in the Declarations with a Utility Services Limit of Insurance. The Utility Services Limit of Insurance is part of, not in addition to, the Limit of Insurance stated in the Declarations as applicable to the Covered Property.

We will pay for direct physical loss of or physical damage to Covered Property described in the Declarations caused by the interruption of utility service to the "scheduled premises". The interruption must result from direct physical loss or physical damage by a Covered Cause of Loss to the following property, not on the "scheduled premises":

1. "Water Supply Services";
2. "Communication Supply Services"; or
3. "Power Supply Services".

#### **B. ADDITIONAL DEFINITIONS**

1. **"Water Supply Services"**, meaning the following types of property supplying water to the "scheduled premises":
  - a. Pumping stations; and
  - b. Water mains.
2. **"Communication Supply Services"**, meaning property supplying communication services, including telephone, radio, microwave or television services, including overhead transmission lines to the "scheduled premises", such as:
  - a. Communication transmission lines, including optic fiber transmission lines;
  - b. Coaxial cables; and
  - c. Microwave radio relays except satellites.
3. **"Power Supply Services"**, meaning the following types of property supplying electricity, steam or gas, including overhead transmission lines to the "scheduled premises":
  - a. Utility generating plants;
  - b. Switching stations;
  - c. Substations;
  - d. Transformers; and
  - e. Transmission Lines.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **STRETCH FOR SCHOOLS**

This endorsement modifies insurance provided under the following:

### **STANDARD PROPERTY COVERAGE FORM SPECIAL PROPERTY COVERAGE FORM**

**A.** The following changes apply to the Standard Property Coverage Form and the Special Property Coverage Form, Covered Property, **A.1.:**

**1. Covered Property**

The following paragraph is added to **A.1.a.:**

- (7)** Buildings include the following Outdoor Property:
  - (a)** Awnings;
  - (b)** Bleachers and scoreboards;
  - (c)** Flagpoles, light poles and fences;
  - (d)** Playground equipment;
  - (e)** Radio or television towers, antennas or satellite dishes;
  - (f)** Refreshment stands, storage buildings and ticket booths; and
  - (g)** signs (attached or unattached).

**B.** The following changes apply to the Standard Property Coverage Form and the Special Property Coverage Form, Property Not Covered, **A.2.:**

**1.** Paragraph **A.2.f.** is replaced by the following:

Trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions of this endorsement.

**2.** Paragraph **A.2.k.** is added as follows:

Bridges, roadways, walks, patios or other paved surfaces except as provided in the Coverage Extensions of this endorsement.

**3.** Paragraph **A.2.l.** is added as follows:

Grain, hay, straw or other crops, except as provided in the Coverage Extensions of this endorsement.

**C.** The following changes apply to the Special Property Coverage Form, Limitations, **A.4.:**

**1. Animals**

Paragraph **A.4.b.** of the Special Property Coverage Form is amended to read as follows:

Animals are covered only if inside or outside of buildings, which are:

- a.** Owned by others and boarded by you;
- b.** Owned by you as stock; or
- c.** Owned by you for use as part of an agricultural, vocational, or equestrian program.

This extension applies only to direct physical loss of or damage to animals caused by or resulting from a "specified cause of loss", building glass breakage, theft, collision, or overturn of a vehicle, electrocution, attack by dogs or wild animals. Accidental shooting, or drowning.

Coverage applies only if the animal is killed or its destruction is made necessary.

Poultry is covered only while inside of buildings.

The most we will pay in any one occurrence for any one animal is \$1,500. The most we will pay in any one occurrence for all loss is \$25,000. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

**2. Patterns, Dies, Molds and Forms**

Paragraph **A.4.c.(3)** of the Special Property Coverage Form is deleted.



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D. The following changes apply to the Standard Property Coverage Form, Additional Coverages, **A.4.**, or to the Special Property Coverage Form, Additional Coverages, **A.5.**:

**1. Accounts Receivable**

The following Additional Coverage is added:

- a. We will pay up to \$100,000 in any one occurrence as a Limit of Insurance to apply at each "scheduled premises" to cover direct physical loss of or physical damage to your records of accounts receivable. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.
- b. We will pay up to \$100,000 in any one occurrence as a Limit of Insurance to cover direct physical loss of or physical damage to your records of accounts receivable that are not located at the "scheduled premises" or in transit. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

This Additional Coverage is subject to the provisions of Accounts Receivable, Form SS 04 39, with the exception of the Limit of Insurance provision contained in that form. Accounts Receivable, Form SS 04 39 is made a part of this policy whether or not Accounts Receivable coverage is indicated in the Declarations.

**2. Claim Expenses**

The following Additional Coverage is added:

In the event of covered loss or physical damage, we will pay up to \$5,000 in any one occurrence for all reasonable expenses you incur at our request to assist us in:

- a. The investigation of a claim or suit; or
- b. The determination of the amount of loss, such as taking inventory.

This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

**3. Computers and Media**

The following Additional Coverage is added:

We will pay up to \$50,000 as a Limit of Insurance to apply anywhere in the Coverage Territory to cover direct physical loss of or physical damage to your computer systems.

This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

This Additional Coverage is subject to the provisions of Computers and Media, Form SS 04 41, with the exception of the Limit of Insurance provision contained in that form. Computers and Media, Form SS 04 41 is made a part of this policy whether or not Computers and Media coverage is indicated in the Declarations.

**4. Debris Removal**

The following Additional Coverage is added:

In Limits of Insurance, **C.4.B.**, the additional limit of insurance for the Debris Removal Additional Coverage is increased to \$25,000 in any one occurrence.

This Limit of Insurance is in addition to any other Limit of Insurance shown in the Declarations for this coverage.

**5. Fine Arts**

The following Additional Coverage is added:

We will pay up to \$25,000 in any one occurrence as a Limit of Insurance at each "scheduled premises" to apply to Fine Arts. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

This Additional Coverage is subject to the provisions of Fine Arts Coverage Form, Form SS 04 22, with the exception of the following:

- a. The requirement contained under Paragraph **A.1.**, Under A. Coverage, to list and describe Fine Arts in the Declarations or Schedule is deleted when Fine Arts are covered under this Stretch endorsement; and
- b. The Limit of Insurance provision does not apply.
- c. Paragraph **D.1.** Valuation is deleted and replaced by the following:

The value of Fine Arts will be the market value at the time of physical loss or physical damage.

Fine Arts Coverage, Form SS 04 22 is made a part of this policy whether or not Fine Arts Coverage is indicated in the Declarations.

**6. Fire Department Service Charge**

The following Additional Coverage is added:

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We will pay up to \$25,000 in any one occurrence as a Limit of Insurance for your liability for fire department charges. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

#### 7. **Lost Keys**

The following Additional Coverage is added:

We will pay up to \$500 in any one occurrence as an additional amount of insurance to cover the loss of your keys due to theft used to secure the "scheduled premises".

We will not pay more than the least of the following:

- a. Re-key the locks,
- b. Install new lock cylinders,
- c. Provide new master keys, or
- d. Replace existing locks with new locks of like kind and quality.

This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

#### 8. **Off-Premises Utility Services – Direct Damage**

The following Additional Coverage is added:

We will pay up to \$25,000 in any one occurrence as a Limit of Insurance to apply at each "scheduled premises" to cover direct physical loss of or physical damage to Covered Property caused by or resulting from the interruption of utility services. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

This Additional Coverage is subject to the provisions of Off-Premises Utility Services Direct Damage, Form SS 40 18, with the exception of the Utility Services Limit of Insurance contained in that form. Off-Premises Utility Services – Direct Damage, Form SS 40 18 is made a part of this policy, whether or not Off-Premises Utility Services – Direct Damage coverage is indicated in the Declarations.

#### 9. **Ordinance or Law Coverages**

The following Additional Coverage is added:

If a Covered Cause of Loss occurs to covered Building property at the "scheduled premises", we will pay:

- a. Loss to the Undamaged Portion of the Building

For loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:

- (1) Requires the demolition of parts of the same property not physically damaged by a Covered Cause of Loss;
- (2) Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the "scheduled premises"; and
- (3) Is in force at the time of loss.

This Loss to the Undamaged Portion of the Building Coverage is included within the Limit of Insurance applicable to the covered Building property.

Payment for the undamaged portion of the building will be on the same valuation basis applicable to the physically damaged portion of the building.

#### b. **Demolition**

The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of any building, zoning or land use ordinance or law.

The most we will pay for physical loss under this Coverage is \$100,000 at each "scheduled premises". This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

#### c. **Increased Cost of Construction**

The increased cost to repair, rebuild or construct the damaged property caused by enforcement of building, zoning or land use law. The repaired or rebuilt property must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use law.

We will not pay for increased construction costs:

- (1) When Actual Cash Value applies under the Valuation Loss Condition; or
- (2) Until the property is actually repaired or replaced, at the same or another premises.

The most we will pay for physical loss under this Coverage is \$100,000 at each "scheduled premises".

This is additional insurance.

We will not pay under these Ordinance or Law Coverages for the costs associated with the

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enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants and contaminants".

The terms of these Coverages apply separately to each building.

#### 10. Pairs or Sets

The following Additional Coverage is added:

If pairs or sets of stock are damaged by a Covered Cause of Loss, we will pay any reduction in value of the undamaged parts of such damaged pairs or sets.

As used in this Additional Coverage, the term stock means merchandise held in storage or for sale, raw materials, and goods in-process or finished.

This coverage is included within the Business Personal Property Limit of Insurance.

#### 11. Paved Surfaces

The following Additional Coverage is added:

We will pay up to \$100,000 in any one occurrence as an additional Limit of Insurance to apply at each "scheduled premises" to cover direct physical loss or physical damage by a Covered Cause of Loss to paved surfaces, including sidewalks and parking lots.

**Exclusion:** We will not pay for physical loss or physical damage caused by tree roots, freezing, thawing or normal deterioration.

#### 12. Personal Property of Others

The following Additional Coverage is added:

We will pay up to \$50,000 in any one occurrence as a Limit of Insurance at each "scheduled premises" to apply to personal property of others (except students) that is in your care, custody or control. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

This Additional Coverage is subject to the provisions of Personal Property of Others, Form SS 04 45, with the exception of the statement concerning Limit of Insurance applicable to Personal Property of Others shown in the Declarations, contained in that form. Personal Property of Others, Form SS 04 45 is made a part of this policy whether or not Personal Property of Others coverage is indicated in the Declarations.

#### 13. "Pollutants and Contaminants" Clean Up Increased Limit

The following Additional Coverage is added:

We will pay up to \$25,000 in any one occurrence as a Limit of Insurance to extract "pollutants and contaminants" from land or water at the "scheduled premises" if discharge, dispersal, seepage, migration, release or escape of the "pollutants and contaminants" is caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses must be reported to us in writing within 180 days of the earlier of:

- a. The date of direct physical loss or physical damage; or
- b. The end of the policy period.

This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

#### 14. Property at Other Premises

The following Additional Coverage is added:

We will pay up to \$10,000 in any one occurrence to extend coverage for Business Personal Property at any premises not described in the Declarations. This includes property that you have sold under an installation agreement and your responsibility continues until the customer accepts the property.

This Extension does not apply to:

- (a) Property in the care, custody or control of your salespersons;
- (b) Property at any fair or exhibition;
- (c) Property not in transit; or
- (d) Property not temporarily being stored away from the "scheduled premises."

This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

#### 15. Salespersons' Samples

The following Additional Coverage is added:

We will pay up to \$5,000 in any one occurrence as an additional Limit of Insurance to extend Business Personal Property to cover:

- a. Samples of your stock in trade (including containers); and
- b. Similar property of others;

but only while such property is in:

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- a. Your custody while acting as a sales representative; or
- b. In the custody of your sales representative or agents.

This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

#### **16. Sewer and Drain Back Up**

The following Additional Coverage is added:

We will pay for direct physical loss or physical damage to Covered Property at the "scheduled premises" solely caused by water that backs up from a sewer or drain.

This Coverage is included within the Covered Property Limits of Insurance.

#### **THIS IS NOT FLOOD INSURANCE.**

We will not pay for water or other materials that back up from any sewer or drain when it is caused by any flood. This applies regardless of the proximity of the flood to Covered Property. Flood includes the accumulation of surface water, waves, tides, tidal waves, overflow of streams or other bodies of water, or their spray, all whether driven by wind or not that enters the sewer or drain system.

#### **17. Sump Overflow or Sump Pump Failure**

The following Additional Coverage is added:

The maximum we will pay in any one occurrence is \$15,000 for any loss, including Business Income or Extra Expense, resulting from physical loss or physical damage to Covered Property that is caused by or resulting from water that overflows due to the failure of a sump pump, sump pump well, or any other type of system designed to remove subsurface water from the foundation area if the failure is directly or indirectly the result of a Covered Cause of Loss. Failure means an abrupt cessation of normal functioning. This Limit of Insurance is the maximum we will pay regardless of any other coverage provided under this policy.

This Additional Coverage is subject to the terms and conditions of this policy with the exception of:

- a. Paragraph **B.1.f.**, Power Failure, of the Standard Property Coverage Form and Paragraph **B.1.d.**, Power Failure, of the Special Property Coverage Form; and
- b. Paragraph **B.1.h.(4)**, Water, of the Standard Property Coverage Form and Paragraph **B.1.f.(4)**, Water, of the Special Property Coverage Form.

#### **THIS IS NOT FLOOD INSURANCE**

We will not pay for water or other materials that overflow from a sump when the overflow is caused by any flood. This applies regardless of the proximity of the flood to Covered Property. Flood includes the accumulation of surface water, waves, tides, tidal waves, overflow of streams or other bodies of water, or their spray, all whether driven by wind or not that enters the sewer or drain system.

#### **18. Temperature Change**

The following Additional Coverage is added:

We will pay up to \$25,000 in any one occurrence as a Limit of Insurance to apply at each "scheduled premises" to cover direct loss of or physical damage to perishable stock caused by or resulting from a change of temperature or contamination by a refrigerant. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

This additional coverage is subject to the provisions of the Temperature Change, Form SS 04 46, with the exception of the Limit of Insurance provision contained in that form. Temperature Change, Form SS 04 46 is made a part of this policy whether or not Temperature Change coverage is indicated in the Declarations.

#### **19. Tenant Building and Business Personal Property Coverage - Required by Lease**

The following Additional Coverage is added:

The maximum we will pay in any one occurrence is \$20,000 as a Limit of Insurance to apply to direct physical loss of or physical damage to Building and Business Personal Property for which you have a contractual responsibility to insure. This includes building fixtures, machinery and equipment.

#### **20. Transit Property in the Care of Carriers for Hire**

This Additional Coverage is added only if your policy includes the Special Property Coverage Form:

We will pay up to \$100,000 in any one occurrence as a Limit of Insurance to apply to direct physical loss of or physical damage to property while in transit at your risk. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

This Additional Coverage is subject to the provisions of Transit Property in the Care of

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Carriers for Hire, Form SS 04 30, with the exception of the Limit of Insurance provision contained in that form. Transit Property in the Care of Carriers for Hire, Form SS 04 30 is made a part of this policy whether or not Transit Property in the Care of Carriers for Hire is indicated in the Declarations.

## 21. Unauthorized Business Card Use

The following Additional Coverage is added:

The maximum we will pay in any one occurrence is \$2,500 as a Limit of Insurance to cover loss resulting from the theft or unauthorized use of your Business Credit, Debit or Charge Cards, including the reasonable legal expenses you incur.

The Business Credit, Debit or Charge Cards must be issued to you or registered in your name or the business name and be used solely for business purposes.

**Limitation.** We will not pay for the theft or unauthorized use of Business Credit, Debit or Charge Cards entrusted to others or your employees.

## 22. Valuable Papers and Records

The following Additional Coverage is added:

- a. We will pay up to \$100,000 in any one occurrence as a Limit of Insurance to apply at each "scheduled premises" to cover direct physical loss of or physical damage to your valuable papers and records. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.
- b. We will pay up to \$100,000 in any one occurrence as a Limit of Insurance to cover direct physical loss of or physical damage to your valuable papers and records that are not located at the "scheduled premises" or in transit. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

This Additional Coverage is subject to the provisions of the Valuable Papers and Records Coverage, Form SS 04 47, with the exception of the Limit of Insurance provision contained in that form. Valuable Papers and Records Coverage, Form SS 04 47 is made a part of this policy whether or not Valuable Papers coverage is indicated in the Declarations.

E. The following changes apply to the Standard Property Coverage Form, Coverage Extensions, **A.5.**, or to the Special Property Coverage Form, Coverage Extensions, **A.6.** The Limits of Insurance stated in the paragraphs below replace the Limits of Insurance stated in the Standard Property Coverage Form or the Special Property Coverage Form for the coverages provided under this section. Except as otherwise stated, any other Limit of Insurance purchased under this policy as an option for the following coverages is in addition to the Limit of Insurance stated below:

### 1. Harvested Crops:

The most we will pay under this Coverage Extension is \$25,000 in any one occurrence for physical loss of or physical damage to grain, hay, straw, fruits, vegetables and other crops which have been harvested and are stored inside your building or in the open on the premises.

The Limit of Insurance stated above is the maximum Limit of Insurance available for this coverage under this policy.

### 2. Newly Acquired or Constructed Property

The following changes are made to Newly Acquired or Constructed Property:

#### a. Building

- (1) The most we will pay in any one occurrence in subparagraph (1) is increased from \$500,000 to \$1,000,000 at each premises.
- (2) The Limit of Insurance stated above is the maximum Limit of Insurance available for this coverage under this policy.

#### b. Business Personal Property

- (1) The most we will pay in any one occurrence in subparagraph (2) is increased from \$250,000 to \$500,000 at each premises.
- (2) The Limit of Insurance stated above is the maximum Limit of Insurance available for this coverage under this policy.

#### c. Business Income and Extra Expense

- (1) If Business Income or Extra Expense are provided under this policy, the most we will pay in any one occurrence in subparagraph (3) is increased from \$50,000 to \$500,000 in any one occurrence at each premises.

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- (2) The Limit of Insurance stated above is the maximum Limit of Insurance available for this coverage under this policy.

### 3. Outdoor Property

In the Outdoor Property Coverage Extension, the most we will pay in any one occurrence is increased to \$25,000, but not more than \$1,000 for any one tree, shrub or plant.

### 4. Personal Effects of Employees

The most we will pay in any one occurrence under this Coverage Extension for physical loss of or physical damage to personal effects owned by you, your officers, your partners or your employees, including tools owned by your employees that are used in your business is \$50,000 at each "scheduled premises. But we will not pay more than \$10,000 for tools owned by any one employee.

The Limit of Insurance stated above is the maximum Limit of Insurance available for this coverage under this policy.

### 5. Personal Effects of Students

The most we will pay in any one occurrence under this Coverage Extension for physical loss of or physical damage to personal effects of any one student is \$2,500 subject to a limit of \$100,000, at each "scheduled premises".

The Limit of Insurance stated above is the maximum Limit of Insurance available for this coverage under this policy.

### 6. Property Off-Premises

In the Personal Property Off-Premises Coverage Extension, the most we will pay in any one occurrence in subparagraph A.6.h.(2) is increased from \$2,500 to \$50,000.

- F. The following changes are made to the Business Income Coverage and the Extra Expense Coverage within the Standard Property Coverage Form and the Special Property Coverage Form:

#### 1. Business Income Extension for Off-Premises Utility Services

The following Coverage Extension is added:

We will pay up to \$25,000 in any one occurrence as a Limit of Insurance to apply at each "scheduled premises" to cover loss of Business Income and Extra Expense caused by or resulting from the interruption of utility services. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

This Additional Coverage is subject to the

provisions of Business Income Extension for Off-Premises Utility Services, Form SS 04 19, with the exception of the Limit of Insurance provision contained in that form. Business Income Extension for Off-Premises Utility Services, Form SS 04 19 is made a part of this policy whether or not Business Income Extension for Off-Premises Utility Services coverage is indicated in the Declarations.

#### 2. Business Income from Auxiliary Operations

You may extend this insurance to apply to the actual loss of Business Income you sustain caused by the direct physical loss of or physical damage to property at the premises described in the Declarations caused by or resulting from a Covered Cause of Loss.

As used in this Extension:

- a. Business Income means; necessary suspension of your "auxiliary operations" during the "period of restoration" for;

- (1) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred, from your "auxiliary operations";
- (2) Continuing normal operating expenses incurred, including payroll.

#### b. Auxiliary Operations means;

- (1) "Rental value"
- (2) Laboratory fees;
- (3) Bookstores;
- (4) Athletic events; and
- (5) Research grants;

#### c. Period of Restoration means;

- (1) The period of time it takes to repair, rebuild or replace the "scheduled premises" with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

Period of Restoration does not include any increased period required due to the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants and contaminants".

The expiration date of this policy will not cut short the Period of Restoration

#### d. Rental Value means:

- (1) Total anticipated rental income from tenant occupancy of the premises

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described in the Declarations as furnished and equipped by you;

- (2) Amount of all charges which are the legal obligation of the tenants and which would otherwise be your obligation; and
- (3) Fair rental value of any portion of the "scheduled premises" which is occupied by you.

We will pay any necessary expenses you incur, except the cost of extinguishing a fire, to reduce the amount of loss under this Additional Coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss otherwise payable under this Additional Coverage.

We will pay for the actual loss of Business Income you sustain during the school term following the date the property is actually repaired, rebuilt or replaced, if the date is 30 days or less before the scheduled opening of the next school term.

We will not pay for any increase for loss caused by or resulting from suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "auxiliary operation", we will cover such loss that affects your Business Income during the "period of restoration".

The most we will pay under this Additional Coverage is \$25,000 in any one occurrence.

### 3. Temporarily Leased or Rented Properties

The following Coverage Extension is added:

- a. You may extend your Business Income and Extra Expense coverages to apply to the actual loss of Business Income or Extra Expense you sustain due to suspension of your business activities at "Temporarily Leased or Rented Premises" caused by direct physical loss of or physical damage to property at the premises of a temporarily leased or rented property caused by or resulting from a Covered Cause of Loss.
- b. As used in this Extension, Temporarily Leased or Rented Property means property operated by others from whom you have been given permission to use to
  - (1) Conduct sports events;
  - (2) Present exhibitions, seminars, forums or lectures; or

- (3) Offer non-curriculum classes and discussion sessions.

- c. The Business Income and Extra Expense coverage provisions respecting direct physical loss or physical damage at the "scheduled premises" will apply separately to each "Temporarily Leased or Rented Property" premises.
- d. Coverage under this Additional Coverage will end when the property at the premises of the temporarily leased or rented property should be rebuilt or replaced with reasonable speed and similar quality.
- e. We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations" in whole or in part by using any other available source for your presentations or activities.
- f. The most we will pay in any one occurrence under this Additional Coverage is 10% of the Business Income and Extra Expense Limits of Insurance shown in the Declarations, but not more than \$100,000, for loss you sustain resulting from physical loss of or physical damage to property at the premises of any one temporarily leased or rented property. This Limit of Insurance is in addition to any other Limit of Insurance that may be provided by this policy for this coverage.

### 4. Extended Business Income

In the Extended Business Income Additional Coverage, paragraph **4.j.(1)(b)(ii)** of the Standard Property Coverage Form and paragraph **5.r.(1)(b)(ii)** of the Special Property Coverage Form are amended to read as follows:

- (b) 120 consecutive days after the date determined in (a) above.

- G. The following changes are made to the Exclusions of the Standard Property Coverage Form and the Special Property Coverage Form:

#### 1. Freezing Exclusion Added

The following exclusion is added to Paragraph **B.2.** in the Standard Property Coverage Form and the Special Property Coverage Form:

Freezing and thawing of paved surfaces.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BUSINESS INCOME CHANGES - SCHOOLS**

This endorsement modifies insurance provided under the following:

### **SPECIAL PROPERTY COVERAGE FORM STANDARD PROPERTY COVERAGE FORM**

#### **A. DEFINITION**

1. Sub-paragraph **(4)(c)** is added to paragraph **A.5.o., Business Income:**

**(4)** Tuition and related fees from students (including fees for room, board, laboratories and other similar sources), income from bookstores, athletic events and activity related to research grants.

2. Paragraph **G.11.** is deleted and replaced with the following:

"Period of Restoration" means the period of time that:

**a. Begins:**

**(1)** 72 hours after the time of direct physical loss or physical damage for Business Income coverage; or

**(2)** Immediately after the time of direct physical loss or physical damage for Extra Expense coverage;

caused by or resulting from a Covered Cause of Loss at the "scheduled premises"; and

**b. Ends on the earlier of:**

**(1)** The day before the opening of the next school term following the date when, with reasonable speed and similar quality, the property at the "scheduled premises" should be repaired, rebuilt or replaced; or

**(2)** The date when the school term is resumed at a new permanent location:

"Period of Restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- a.** Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the "scheduled premises", or requires the tearing down of any property; or
- b.** Requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants or contaminants."

The expiration date of this policy will not cut short the "period of restoration".

#### **B. EXTENDED BUSINESS INCOME**

Paragraph **A.5.r.**, Extended Business Income is deleted and replaced by the following:

Extended Business Income

If the necessary suspension of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you sustain during the school term following the date the property is actually repaired, rebuilt or replaced, if that date is 60 days or less before the scheduled opening of the next school term.

Loss of Business Income must be caused by direct physical loss or physical damage at the "scheduled premises" caused by or resulting from any Covered Cause of Loss.





**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LIMITED FUNGI, BACTERIA OR VIRUS COVERAGE**

This endorsement modifies insurance provided under the following:

**SPECIAL PROPERTY COVERAGE FORM  
STANDARD PROPERTY COVERAGE FORM  
PERSONAL PROPERTY OF OTHERS  
COMPUTERS AND MEDIA COVERAGE**

**A. Fungi, Bacteria or Virus Exclusions**

1. Paragraph **A.5.i.(5)**, of the Increased Cost of Construction Additional Coverage of the Standard Property Coverage Form is replaced by the following:
  - (5) Under this Additional Coverage, we will not pay for:
    - (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling, or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungi", wet or dry rot, bacteria or virus; or
    - (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of "pollutants", "fungi", wet or dry rot, bacteria or virus.
2. The following exclusion is added to Paragraph **B.1**. Exclusions of the Standard Property Coverage Form and the Special Property Coverage Form; Paragraph **F.**, Additional Exclusions of Computers and Media, form SS 04 41, and to form SS 04 45, Personal Property of Others:

**i. "Fungi", Wet Rot, Dry Rot, Bacteria And Virus**

We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

- (1) Presence, growth, proliferation, spread or any activity of "fungi", wet rot, dry rot, bacteria or virus.
- (2) But if "fungi", wet rot, dry rot, bacteria or virus results in a "specified cause of loss" to Covered Property, we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungi", wet or dry rot, bacteria or virus results from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage – Limited Coverage for "Fungi", Wet Rot, Dry Rot, Bacteria and Virus with respect to loss or damage by a cause of loss other than fire or lightning.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

- B.** The following Additional Coverage is added to Paragraph **A.4**. of the Standard Property Coverage Form or Paragraph **A.5**. of the Special Property Coverage Form, and applies to the optional coverage form SS 04 41, Computers and Media and SS 04 45, Personal Property of Others and form:

**1. Limited Coverage For "Fungi", Wet Rot, Dry Rot, Bacteria and Virus**

a. The coverage described in 1.b. below only applies when the "fungi", wet or dry rot, bacteria or virus is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

- (1) A "specified cause of loss" other than fire or lightning;
- (2) Equipment Breakdown Accident occurs to Equipment Breakdown Property, if Equipment Breakdown applies to the affected premises.

b. We will pay for loss or damage by "fungi", wet rot, dry rot, bacteria and virus. As used in this Limited Coverage, the term loss or damage means:

- (1) Direct physical loss or direct physical damage to Covered Property caused by "fungi", wet rot, dry rot, bacteria or virus, including the cost of removal of the "fungi", wet rot, dry rot, bacteria or virus;
- (2) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot, dry rot, bacteria or virus; and
- (3) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet rot, dry rot, bacteria or virus are present.

c. Unless a higher Limit of Insurance is shown in the Declarations for Limited "Fungi", Bacteria or Virus Coverage, the coverage described under this Limited Coverage is no more than the Limit of Insurance stated in the Declarations for Building and Business Personal Property, but not greater than \$50,000.

If form SS 04 41, Computers and Media, and form SS 04 45, Personal Property of Others, are made a part of this policy, then the Limits of Insurance for Computers and Media, and Personal Property of Others is included within this coverage limit. This coverage is made applicable to separate "scheduled premises" as described in the Declarations. Regardless of the number of claims, this limit is the most we will pay per "scheduled premises" for the total of all loss or damage arising out of all

(1) occurrences of "specified causes of loss" (other than fire or lightning); and

(2) Equipment Breakdown Accident that occurs to Equipment Breakdown Property;

which take place in a 12-month period (starting with the beginning of the present annual policy period).

With respect to a particular occurrence of loss which results in "fungi", wet or dry rot, bacteria or virus, we will not pay more than the total of \$50,000 unless a higher Limit of Insurance is shown in the Declarations, even if the "fungi", wet or dry rot, bacteria, or virus continues to be present or active, or recurs, in a later policy period.

d. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet rot, dry rot, bacteria or virus, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungi", wet rot, dry rot, bacteria or virus, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet or dry rot, bacteria or virus causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

e. The terms of this Limited Coverage do not increase or reduce the coverage for Water Damage provided under provision **B.1.h., Exclusion – Water Damage** of the Standard Property Coverage Form or Additional Coverage provision **A.5.n., Water Damage, Other Liquid, Powder or Molten Material Damage** of the Special Property Coverage Form.

f. The following applies only if a Time Element Coverage applies to the "scheduled premises" and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Time Element Coverage.

(1) If the loss which resulted in "fungi", wet or dry rot, bacteria or virus does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to

property caused by "fungi", wet or dry rot, bacteria or virus, then our payment under the Time Element Coverage is limited to the amount of loss and expense sustained in a period of not more than 30 days unless another number of days is indicated in the Declarations. The days need not be consecutive. If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet or dry rot, bacteria or virus, but remediation of "fungi", wet or dry rot, bacteria or virus prolongs the "period of restoration", we will pay for loss and expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days unless another number of days is indicated in the Declarations. The days need not be consecutive.

**C. Fungi Definition**

1. **"Fungi"** means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **IDENTITY RECOVERY COVERAGE FOR BUSINESSOWNERS AND EMPLOYEES**

### **IDENTITY THEFT CASE MANAGEMENT SERVICE AND EXPENSE REIMBURSEMENT**

This endorsement modifies insurance provided under the following:

#### **SPECIAL PROPERTY COVERAGE FORM**

- A.** The following is added to paragraph 5. Additional Coverages (Section **A.** – Coverage):

##### **IDENTITY RECOVERY COVERAGE**

We will provide the Case Management Service and Expense Reimbursement Coverage indicated below if all of the following requirements are met:

1. There has been an "identity theft" involving the personal identity of an "identity recovery insured" under this policy; and
2. Such "identity theft" is first discovered by the "identity recovery insured" during the policy period for which this Identity Recovery coverage is applicable; and
3. Such "identity theft" is reported to us as soon as practicable but in no event later than 60 days after it is first discovered by the "identity recovery insured."

If all three of the requirements listed above have been met, then we will provide the following to the "identity recovery insured":

##### **1. Case Management Service**

Services of an "identity recovery case manager" as needed to respond to the "identity theft"; and

##### **2. Expense Reimbursement**

Reimbursement of necessary and reasonable "identity recovery expenses" incurred as a direct result of the "identity theft."

This coverage is additional insurance.

- B.** The following additional exclusions are added to Section **B.** – Exclusions and apply to this coverage:

##### **EXCLUSIONS**

We do not cover loss or expense arising from any of the following:

1. Theft of a professional or business identity.
2. Any fraudulent, dishonest or criminal act by an "identity recovery insured" or any person aiding or abetting an "identity recovery insured", or by any authorized representative of an "identity recovery insured", whether acting alone or in collusion with others. However, this exclusion shall not apply to the interests of an "insured" who has no knowledge of or involvement in such fraud, dishonesty or criminal act.
3. Loss other than "identity recovery expenses".
4. An "identity theft" that is first discovered by the "identity recovery insured" prior to or after the policy period for which this coverage applies. This exclusion applies whether or not such "identity theft" began or continued during the period of coverage.
5. An "identity theft" that is not reported to us within 60 days after it is first discovered by the "identity recovery insured."
6. An "identity theft" that is not reported in writing to the police.

**C. LIMITS OF INSURANCE**

1. Case Management Service is available as needed for any one "identity theft" for up to 12 consecutive months from the inception of the service. Expenses we incur to provide Case Management Service do not reduce the amount of limit available for Expense Reimbursement coverage.
2. Expense Reimbursement coverage is subject to a limit of \$15,000 annual aggregate per "identity recovery insured." Regardless of the number of claims, this limit is the most we will pay for the total of all loss or expense arising out of all "identity thefts" to any one "identity recovery insured" which are first discovered by the "identity recovery insured" during a 12-month period starting with the beginning of the present annual policy period. If an "identity theft" is first discovered in one policy period and continues into other policy periods, all loss and expense arising from such "identity theft" will be subject to the aggregate limit applicable to the policy period when the "identity theft" was first discovered.
  - a. Legal costs as provided under paragraph d. of the definition of "identity recovery expenses" are part of, and not in addition to, the Expense Reimbursement coverage limit.
  - b. Lost Wages and Child and Elder Care Expenses as provided under paragraphs e. and f. of the definition of "identity recovery" are jointly subject to a sublimit of \$250 per day, not to exceed \$5,000 in total. This sublimit is part of, and not in addition to, the Expense Reimbursement coverage limit. Coverage is limited to lost wages and expenses incurred within 12 months after the first discovery of the "identity theft" by the "identity recovery insured".
  - c. Mental Health Counseling as provided under paragraph g. of the definition of "identity recovery expenses" is subject to a sublimit of \$1,000. This sublimit is part of, and not in addition to, the Expense Reimbursement coverage limit. Coverage is limited to counseling that takes place within 12 months after the first discovery of the "identity theft" by the "identity recovery insured".

**D. DEDUCTIBLE**

Case Management Service is not subject to a deductible.

Expense Reimbursement coverage is subject to a deductible of \$250. Any one "identity recovery insured" shall be responsible for only one deductible under this Identity Recovery Coverage during any one policy period.

- E. The following additional conditions are added to Section F. – Property General Conditions and apply to this coverage:

**CONDITIONS****1. Assistance and Claims**

For assistance, the "identity recovery insured" should call the **Identity Recovery Help Line** at **1-888-772-1798**.

The **Identity Recovery Help Line** can provide the "identity recovery insured" with:

- a. Information and advice for how to respond to a possible "identity theft"; and
- b. Instructions for how to submit a service request for Case Management Service and/or a claim form for Expense Reimbursement Coverage.

In some cases, we may provide Case Management services at our expense to an "identity recovery insured" prior to a determination that a covered "identity theft" has occurred. Our provision of such services is not an admission of liability under the policy. We reserve the right to deny further coverage or service if, after investigation, we determine that a covered "identity theft" has not occurred.

As respects Expense Reimbursement Coverage, the "identity recovery insured" must send to us, within 60 days after our request, receipts, bills or other records that support his or her claim for "identity recovery expenses."

**2. Services**

The following conditions apply as respects any services provided by us or our designees to any "identity recovery insured" under this endorsement:

- a. Our ability to provide helpful services in the event of an "identity theft" depends on the cooperation, permission and assistance of the "identity recovery insured."

- b. All services may not be available or applicable to all individuals. For example, "identity recovery insureds" who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in United States and Puerto Rico in accordance with local conditions.
- c. We do not warrant or guarantee that our services will end or eliminate all problems associated with an "identity theft" or prevent future "identity thefts."

F. With respect to the provisions of this endorsement only, the following definitions are added to Section G. – Property Definitions:

#### **DEFINITIONS**

1. "Identity Recovery Case Manager" means one or more individuals assigned by us to assist an "identity recovery insured" with communications we deem necessary for re-establishing the integrity of the personal identity of the "identity recovery insured." This includes, with the permission and cooperation of the "identity recovery insured," written and telephone communications with law enforcement authorities, governmental agencies, credit agencies and individual creditors and businesses.
2. "Identity Theft" means the fraudulent use of the social security number or other method of identifying an "identity recovery insured." This includes fraudulently using the personal identity of an "identity recovery insured" to establish credit accounts, secure loans, enter into contracts or commit crimes.  
  
"Identity theft" does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.
3. "Identity Recovery Expenses" means the following when they are reasonable and necessary expenses that are incurred in the United States or Canada as a direct result of an "identity theft":
  - a. Costs for re-filing applications for loans, grants or other credit instruments that are rejected solely as a result of an "identity theft."
  - b. Costs for notarizing affidavits or other similar documents, long distance telephone calls and postage solely as a result of your efforts to report an "identity theft" or amend or rectify records as to your true name or identity as a result of an "identity theft."

- c. Costs for up to twelve (12) credit reports from established credit bureaus dated within 12 months after your knowledge or discovery of an "identity theft."

- d. Legal Costs

Fees and expenses for an attorney approved by us for:

- (1) Defending any civil suit brought against an "identity recovery insured" by a creditor or collection agency or entity acting on behalf of a creditor for non-payment of goods or services or default on a loan as a result of an "identity theft"; and
- (2) Removing any civil judgment wrongfully entered against an "identity recovery insured" as a result of the "identity theft."

- e. Lost Wages

Actual lost wages of the "identity recovery insured" for time reasonably and necessarily take away from work and away from the work premises. Time away from work includes partial or whole work days. Actual lost wages may include payment for vacation days, discretionary days, floating holidays and paid personal days. Actual lost wages does not include sick days or any loss arising from time taken away from self employment. Necessary time off does not include time off to do tasks that could reasonably have been done during non-working hours.

- f. Child and Elder Care Expenses

Actual costs for supervision of children or elderly or infirm relatives or dependents of the "identity recovery insured" during time reasonably and necessarily taken away from such supervision. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured".

- g. Mental Health Counseling

Actual costs for counseling from a licensed mental health professional. Such care must be provided by a professional care provider who is not a relative of the "identity recovery insured".

4. "Identity Recovery Insured" means the following:
- a. A full time employee of the entity insured under this policy; or
  - b. The owner of the entity insured under this policy who meets any of the following criteria:
    - (1) A sole proprietor of the insured entity;
    - (2) A partner in the insured entity; or
    - (3) An individual having an ownership position of 20% or more of the insured entity.

An "identity recovery insured" must always be an individual person. The entity insured under this policy is not an "identity recovery insured."

All other provisions of this policy apply.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **BUILDING LIMIT- AUTOMATIC INCREASE REVISION**

This endorsement modifies insurance provided under the following:

**SPECIAL PROPERTY COVERAGE FORM  
STANDARD PROPERTY COVERAGE FORM**

Except as otherwise stated in this endorsement, the terms and conditions of the policy apply to the insurance stated below.

**A.** Paragraph **C.5 Building Limit-Automatic Increase** of the **SPECIAL PROPERTY COVERAGE FORM** or **STANDARD PROPERTY COVERAGE FORM** is deleted.

**B.** The following is added to **Additional Coverages**, paragraph **A.5** of the **SPECIAL PROPERTY COVERAGE FORM** or paragraph **A.4.** of the **STANDARD PROPERTY COVERAGE FORM**:

**Building Limit - Automatic Increase**

**a.** If the covered loss or damage to Building property at a "scheduled premises" exceeds the Limit of Insurance stated in the Declarations, the Limit of Insurance available for the covered loss or damage in that occurrence will automatically increase by up to 8%.

**b.** The amount of increase will be:

**(1)** The Limit of Insurance for Buildings that applied on the most recent of the policy inception date, policy anniversary date, or the date of any other policy change amending the Building limit, multiplied by

**(2)** The 8% annualized percentage of Automatic Increase, expressed as a decimal

(.08), multiplied by

**(3)** The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance for Buildings, divided by 365.

Example:

The applicable Limit of Insurance for Buildings is \$100,000. The automatic increase percentage is 8%. The number of days since the beginning of the policy period (or last policy change) is 146.

The amount of increase is:

$\$100,000 \times .08 \times 146 \text{ divided by } 365 = \$3,200$





**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ABSOLUTE LEAD EXCLUSION**

This endorsement modifies insurance provided under the following:

**BUSINESS LIABILITY COVERAGE FORM  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE FORM**

**A.** The following exclusion is added:

This insurance does not apply to:

1. Any injury, damage, loss, costs or expense, including but not limited to "bodily injury", "property damage" or "personal and advertising injury" arising out of, in whole or in part, the "lead hazard".
2. Any damages, judgments, settlements, loss, costs or expenses that:
  - a. May be awarded or incurred by reason of any claim or suit alleging actual or threatened injury or damage of any nature or kind to persons or property which arises out of or would not have occurred in whole or in part but for the "lead hazard";
  - b. Arise out of any request, demand, order or statutory or regulatory requirement that any insured or others:
    - (1) Identify, abate, test for, sample, monitor, clean up, remove, cover, contain, treat, detoxify, decontaminate, neutralize or mitigate or in any way respond to or assess the effects of a "lead hazard"; or
    - (2) As a result of such effects, repair, replace or improve any property; or
  - c. Arise out of any claim or suit for damages because of:
    - (1) Identification of, abatement of, testing for, sampling, monitoring, cleaning up, removing, covering, containing, treating, detoxifying, decontaminating, neutralizing or mitigating or in any way responding to or assessing the effects of a "lead hazard"; or
    - (2) As a result of such effects, repair, replace or improve any property.

**B.** The following definition is added to the **Definitions** section:

"Lead hazard" means an exposure or threat of exposure to the actual or alleged properties of lead and includes the mere presence or suspected presence of lead in any form or combination.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION - NUCLEAR ENERGY LIABILITY**

1. This insurance does not apply:
  - a. To any injury or damage:
    - (1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
    - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which:
      - (a) Any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof; or
      - (b) The insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
  - b. Under any Medical Payments or Medical Expenses Coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
  - c. To any injury or damage resulting from the "hazardous properties" of "nuclear material"; if:
    - (1) The "nuclear material":
      - (a) Is at any "nuclear facility" owned by, or operated by or on behalf of, an insured; or
      - (b) Has been discharged or dispersed therefrom;
    - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
    - (3) The injury or damage arises out of the furnishing by any insured of any "technology services" in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; or
    - (4) The injury or damage arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility"; but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (4) applies only to "property damage" to such "nuclear facility" and any property thereat.
2. As used in this exclusion:
  - a. "Byproduct material", "source material" and "special nuclear material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.
  - b. "Hazardous properties" include radioactive, toxic or explosive properties.
  - c. "Nuclear facility" means:
    - (1) Any "nuclear reactor";
    - (2) Any equipment or device designed or used for:

- (a) Separating the isotopes of uranium or plutonium;
  - (b) Processing or utilizing "spent fuel"; or
  - (c) Handling, processing or packaging "waste";
  - (3) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
  - (4) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";
- and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.
- d. "Nuclear material" means "byproduct material", "source material" or "special nuclear material".
  - e. "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.
  - f. Injury or damage and "property damage" include all forms of radioactive contamination of property.
  - g. "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".
  - h. "Technology services" means:
    - (1) Consulting, analysis, design, installation, training, maintenance, support and repair of or on: software, wireless applications, firmware, shareware, networks, systems, hardware, devices or components;
    - (2) Integration of systems;
    - (3) Processing of, management of, mining or warehousing of data;
    - (4) Administration, management, operation or hosting of: another party's systems, technology or computer facilities;
    - (5) Manufacture, sale, licensing, distribution, or marketing of: software, wireless applications, firmware, shareware, networks, systems, hardware, devices or components;
    - (6) Design and development of: code, software or programming; or
    - (7) Providing software application: services, rental or leasing.
  - i. "Waste" means any waste material:
    - (1) Containing "byproduct material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content; and
    - (2) Resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility."



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION – FUNGI, BACTERIA AND VIRUSES**

This endorsement modifies insurance provided under the following:

**BUSINESS LIABILITY COVERAGE FORM  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE FORM**

This insurance does not apply to:

1. Injury or damage arising out of or related to the presence of, suspected presence of, or exposure to:
  - a. Fungi, including but not limited to mold, mildew, and yeast;
  - b. Bacteria;
  - c. Viruses; or
  - d. Dust, spores, odors, particulates or byproducts, including but not limited to mycotoxins and endotoxins, resulting from any of the organisms listed in **a.**, **b.**, or **c.** above;from any source whatsoever.
2. Any loss, cost or expense arising out of the testing for, monitoring of, cleaning up of, removal of, containment of, treatment of, detoxification of, neutralization of, remediation of, disposal of, or any other response to or assessment of, the effects of any of the items in **1.a.**, **b.**, **c.** or **d.** above, from any source whatsoever.

However, this exclusion does not apply to "bodily injury" or "property damage" caused by the ingestion of food.

**EMPLOYMENT PRACTICES LIABILITY COVERAGE FORM  
(CLAIMS MADE)**

096-280051-15  
**QUICK REFERENCE**

**EMPLOYMENT PRACTICES LIABILITY  
COVERAGE FORM (CLAIMS MADE)**

**READ YOUR POLICY CAREFULLY**

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## EMPLOYMENT PRACTICES LIABILITY COVERAGE FORM (CLAIMS MADE)

THE INSURANCE AFFORDED BY THIS COVERAGE PART IS CLAIMS MADE COVERAGE. PLEASE READ ALL PROVISIONS AND CONTACT YOUR AGENT IF YOU HAVE ANY QUESTIONS. EXCEPT AS MAY OTHERWISE BE PROVIDED HEREIN, THIS COVERAGE PART IS LIMITED TO ONLY THOSE CLAIMS THAT ARE FIRST MADE DURING THE POLICY PERIOD OR THE EXTENDED REPORTING PERIOD, IF PURCHASED, AND REPORTED TO US AS SOON AS PRACTICABLE BUT IN NO EVENT LATER THAN SIXTY (60) DAYS AFTER THE END OF THE POLICY PERIOD. THIS COVERAGE PART CONTAINS PROVISIONS THAT REDUCE THE LIMITS OF LIABILITY STATED IN THE DECLARATIONS BY CLAIMS EXPENSES, INCLUDING DEFENSE ATTORNEY'S FEES AND COSTS. THE DEDUCTIBLE IS APPLICABLE TO CLAIM EXPENSES AND DAMAGES. UPON TERMINATION OF THIS COVERAGE PART, EXTENDED REPORTING PERIOD COVERAGE IS AVAILABLE.

Various provisions in this Coverage Part restrict coverage. Please read the entire policy carefully to determine your rights, duties and what is and is not covered.

Throughout this Coverage Part the words you and your refer to the "named insured" in the Declarations. The words we, us and our refer to the stock insurance company member of THE HARTFORD shown on the Declarations Page.

Words and phrases that appear in quotation marks are defined in **SECTION II - DEFINITIONS** of this Coverage Part.

In consideration of, and subject to, the payment of the premium by you and in reliance upon the accuracy and completeness of the "application", including but not limited to the statements, attachments and exhibits contained in and submitted with the "application", we agree with you, subject to all terms, exclusions and conditions of this Coverage Part, as follows:

### I. INSURING AGREEMENT

- A. We will pay on behalf of the "insured" all "damages" and "claim expenses" which the "insured" becomes legally obligated to pay as a result of a "wrongful act" alleged in any "claim", if the "claim" is first made against the "insured" during the "policy period" or the Extended Reporting Period, if purchased, and reported to us as soon as practicable but in no event later than sixty (60) days after the end of the "policy period" or the Extended Reporting Period, if purchased.

For the purposes of this coverage, a "claim" shall be deemed first made against the "insured" when the "claim" is received by the "insured", not when the "claim" is filed or initiated by the party or parties asserting the "claim".

- B. We shall have the right and duty to defend any such "claim" to which this Coverage Part may apply, even if the allegations of the "claim" are groundless, false or fraudulent. The duty to defend provided by this Coverage Part will end when we have used up the applicable limit of insurance for the payment of "damages" or "claims expenses".

- C. We shall select defense counsel with the consent of the "insured", which consent shall not be unreasonably withheld. The "insured" shall cooperate fully with our investigation and defense of any "claim" as provided in **SECTION VIII - DUTIES IN THE EVENT OF A CLAIM..**

- D. We shall investigate the "claim" and, with written consent of the "insured", shall settle or compromise any "claim" as we deem appropriate. If the "insured" refuses to consent to any settlement or compromise recommended by us and acceptable to the claimant, then our liability to pay "damages" and "claims expenses" shall not exceed the amount which we would have paid for "damages" and "claim expenses" at the time the "claim" could have been settled or compromised, less any deductible.

- E. This Coverage Part applies only if on or before the effective date of this coverage, the "insured" had no knowledge of any circumstances involving any actual or alleged error, misstatement, misleading statement, act, omission, neglect or breach of duty, which could reasonably be expected to result in a "claim" made against you, any "insured" or any "subsidiary" under this Coverage Part.

- F. This Coverage Part applies only if the "claim" is for a "wrongful act" that did not occur before the "retroactive date" set forth in the Declarations, or after the end of the "policy period".

## II. DEFINITIONS

- A. "Application" means the written application and the proposal or application for any policy in an uninterrupted series of policies issued by us of which this Coverage Part is a renewal or replacement.

- B. "Claim" means any:

- (1) Written demand received by the "insured" which seeks monetary relief from the "insured" for a "wrongful act" and which has been received in accordance with **SECTION VI – COVERAGE TERRITORY**;
- (2) Civil proceeding or lawsuit received by the "insured", whether through service or otherwise, which seeks monetary relief from the "insured" for a "wrongful act" and which has been filed in accordance with **SECTION VI – COVERAGE TERRITORY**;
- (3) Investigative order or notice of charge received by the "insured" relative to an administrative or regulatory proceeding initiated before the Equal Employment Opportunity Commission or a similar state agency, which alleges a "wrongful act" committed by the "insured" and which has been filed in accordance with **SECTION VI – COVERAGE TERRITORY**; and
- (4) Written notice received by the "insured" of an arbitration, mediation or other form of alternative dispute resolution proceeding, which seeks monetary relief from the "insured" for a "wrongful act" and which has been commenced in accordance with **SECTION VI – COVERAGE TERRITORY**;

however, "claim" shall not include any organized labor or grievance proceeding or arbitration subject to a collective bargaining agreement.

- C. "Claim expenses" mean:

- (1) Reasonable and necessary fees charged by any lawyer designated by us or by the "insured" with our written consent in defending the "insured" in connection with any "claim"; and
- (2) All other reasonable and necessary fees, costs and expenses incurred on behalf of the "insured" by us or by the "insured" with our written consent in the investigation, adjustment, defense and appeal of any "claim";

however, "claim expenses" shall not include "damages", salaries, wages, remuneration, overhead or benefit expenses associated with any "insured" or any of the employees or officials of any "insured".

- D. "Damages" means all sums which the "insured" is legally obligated to pay solely as a result of a "claim" insured by this Coverage Part, including judgments, settlements, damages (including back pay, front pay and other damages for loss of future earnings), attorneys' fees, costs or expenses awarded to a prevailing claimant or plaintiff, pre-judgment interest and post-judgment interest;

"Damages" also shall include punitive, exemplary or liquidated damages or the portion of any multiplied damages award which exceeds the amount that was multiplied, but only if such damages are insurable under law pursuant to which this Coverage Part is construed;

however, "damages" shall not include:

- (1) Matters deemed uninsurable under the law pursuant to which this Coverage Part is construed;
  - (2) Taxes, civil or criminal fines or penalties imposed by law;
  - (3) Costs associated with any form of non-monetary relief awarded against you or any "insured"; or
  - (4) Judgments, awards, or settlements or any other amounts owed to any claimant's domestic partner, spouse, child, parent or sibling.
- E. "Insured" means:
- (1) You;
  - (2) Any "subsidiary" of yours;
  - (3) If you are a corporation or an organization other than a partnership or a joint venture, any past, present or future directors and officers of yours or any "subsidiary" of yours, but only for acts within the scope of their capacity as your director or officer or your "subsidiary's" director or officer;
  - (4) If you are a partnership or joint venture, any general or limited partner of yours, but only for acts within the scope of your partnership or joint venture;
  - (5) If you are a limited liability company, any member or manager of yours, but only for acts within the scope of their capacity as your member or managers;



- (6) Any past, present or future employee, whether such employee was or is in a supervisory, co-worker, subordinate, part-time, seasonal and/or temporary position, of yours or any "subsidiary" of yours, but only for acts within the scope of their employment by you or your "subsidiary";
- (7) Any individual who is a leased or loaned employee to you or any "subsidiary" of yours, provided that you or your "subsidiary" provides indemnification for such individual for services rendered in the same manner as if those services were rendered by an employee of yours or your "subsidiary";
- (8) Any individual who is contracted to perform work for you or any "subsidiary" of yours, provided that you or any "subsidiary" of yours provides indemnification for such individual services rendered in the same manner as if those services were rendered by an employee of yours or any "subsidiary" of yours; and
- (9) The heirs, executors, administrators, assigns or legal representatives of each of the above "insureds" in the event of their death, incapacity or bankruptcy.
- However, no person or organization is an "insured" with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a "named insured" in the Declarations.
- F. "Interrelated wrongful acts" means "wrongful acts" which have as a common nexus any fact, circumstance, situation, event, transaction, cause or series of causally connected facts, circumstances, situations, events, transactions or causes.
- G. "Named insured" means the individual, partnership or corporation designated in the Declarations.
- H. "Policy period" means the period from the Effective Date stated in the Declarations to the Expiration Date stated in the Declarations or the date of termination or cancellation.
- I. "Retroactive date" means the date specified in the Declarations, or if none is specified, the effective date of the Coverage Part, on or after which the "wrongful act" must have occurred in order for any "claim" or any notification given to us in accordance with **SECTION VIII – DUTIES IN THE EVENT OF A CLAIM** arising from such "wrongful act" to be covered by this Coverage Part.
- J. "Subsidiary" means any entity in which, and only for the period of time that, more than 50% of the outstanding securities or voting rights representing the present right to vote for the election of directors of such entity are owned by you directly or through one or more of your "subsidiaries", if such entity:
- (1) Was so owned at the Effective Date; or
  - (2) Becomes so owned after the Effective Date provided the provisions of the Changes in Exposure Condition (Section IX - Conditions) are fulfilled.
- K. "Wrongful act" means any error, misstatement, misleading statement, act, omission, neglect, or breach of duty actually or allegedly committed or attempted by any "insured" in connection with any:
- (1) Wrongful dismissal, discharge or termination in employment, whether actual or constructive;
  - (2) Wrongful failure to hire or promote;
  - (3) Wrongful discipline or demotion;
  - (4) Wrongful failure to create, apply or enforce any employment-related policy or procedure;
  - (5) Wrongful failure to grant tenure;
  - (6) Employment-related misrepresentation or defamation;
  - (7) Employment-related invasion of privacy;
  - (8) Employment-related infliction of emotional distress;
  - (9) Employment-related unlawful discrimination, including, but not limited to, discrimination based upon age, gender, sex, pregnancy, race, color, national origin, religion, sexual orientation, sexual preference, marital status, disability or any other class of persons protected under any federal, state, municipal or local law;
  - (10) Employment-related unlawful sexual harassment or other form of workplace harassment, including hostile work environment and quid pro quo harassment, prohibited by any federal, state, municipal or local law;
  - (11) Employment-related unlawful retaliation against a past, present or future employee of yours or any "subsidiary" of yours, prohibited by any federal, state, municipal or local law;
  - (12) Violation of the Family and Medical Leave Act, as amended;
  - (13) Negligent hiring, evaluation, retention or supervision related to any of the above actual or alleged acts only; or

- (14) Breach of an oral or written contract creating or continuing an employer-employee relationship among the parties to the contract;

provided that the actual or alleged "wrongful act" is directed against a past, present or future employee (whether supervisory, co-worker, subordinate, part-time, seasonal and/or temporary, leased or loaned) of yours or any "subsidiary" of yours, or an applicant for employment with you or your "subsidiary".

### III. EXCLUSIONS

This Coverage Part shall not apply to any "claim" based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving:

- A. In fact any dishonest, fraudulent, criminal, or malicious act or omission committed by or at the direction of the "insured"; provided, however, the dishonest, fraudulent, criminal, or malicious act or omission of one "insured" shall not be imputed to any other "insured" or to your strictly vicarious liability for the purpose of determining the applicability of this exclusion;
- B. Any act, incident or omission which has been the subject of any notice of circumstance or notice of claim given under any policy or coverage of which this coverage form is a renewal or replacement, or any policy or coverage with an inception date which precedes the inception date stated in the Declarations;
- C. Any actual or alleged violation of the responsibilities, obligations or duties imposed by the Fair Labor Standards Act (other than the Equal Pay Act), the National Labor Relations Act, the Worker Adjustment and Retraining Notification Act, the Consolidated Omnibus Budget Reconciliation Act, the Occupational Safety and Health Act, the Immigration and Nationality Act, Title IX of the Education Amendments of 1972, the Immigration Reform and Control Act or any statute relating to the benefits, compensation or employment of veterans; or any amendment to any of the foregoing statutes, any rules or regulations promulgated under the foregoing statutes or any other similar law, including but not limited to, any state and/or federal laws governing wage and hour, overtime wages or minimum wages;
- D. The "insured's" activities and or capacity as:
- (1) An officer, director, partner, trustee or employee of a business enterprise not named in the Declarations;

- (2) An officer, director, partner, trustee or employee of a charitable organization or pension, welfare, profit sharing, mutual or investment fund or trust; or

- (3) A fiduciary under the Employment Retirement Income Security Act of 1974 and its amendments or any regulation or order issued pursuant thereto, or any other pension, welfare, retirement or other employee benefit plan or trust sponsored, established or maintained in whole or in part for the benefit of any of your employees or the employees of your "subsidiary";

whether or not such activities were at the request of any other "insured";

- E. Bodily injury to or sickness, disease or death of any person, damage to or destruction of tangible property, including loss of use thereof, assault or battery; provided, that this exclusion shall not apply to employment-related infliction of emotional distress;
- F. The failure of the "insured" to comply with any law governing worker's compensation, unemployment insurance, social security, disability benefits or any similar law;
- G. A lockout, strike, picket line, replacement or any other action resulting from or related to organized labor disputes or labor negotiations;
- H. Damages, costs or expenses incurred by an "insured" in making physical changes, modifications, alterations or improvements as a part of an accommodation of any disabled person pursuant to the Americans With Disabilities Act of 1990 (ADA), the rules and regulations promulgated thereunder, or any similar federal, state or local law, as amended;
- I. Any actual or alleged breach of contract, whether oral, written, express or implied; however, this exclusion does not apply to breach of an oral or written contract creating or continuing an employer-employee relationship among the parties to the contract;
- J. Any injury or damage arising from:
- (1) The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of pollutants.
- (2) Any loss, cost or expense arising out of any:
- (a) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of pollutants; or

- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of pollutants.

Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

#### IV. DISCOVERY CLAUSE

If during the "policy period" or the "extended reporting period", if purchased, any "insured" first becomes aware of a specific "wrongful act", and if the "insured" during the "policy period" or the "extended reporting period", if purchased, gives written notice to us of the:

- A. Specific "wrongful act";
- B. "Damages" which have or may result from such "wrongful act"; and
- C. Circumstances by which the "insured" first became aware of such "wrongful act",

then any "claim" made subsequently arising out of such "wrongful act" shall be deemed for the purposes of this insurance to have been made on the date on which written notice was given to us.

#### V. EXTENDED REPORTING PERIOD

Subject to provisions A. through G. below, if this Coverage Part is canceled or non-renewed other than for non-payment of premium, you shall have the right to purchase an extended period to report "claims" under this Coverage Part for any "claim" first made during the period of time set forth in the Supplemental Extended Reporting Period Endorsement, and following the effective date of such cancellation or nonrenewal and reported in writing during such period or within sixty (60) days thereafter, but only with respect to any "wrongful act" which takes place prior to the effective date of such cancellation or nonrenewal and after the "retroactive date".

- A. The Extended Reporting Period shall be effective only upon the payment of an additional premium. The additional premium will be 200% of the annual advance premium for this coverage. At the commencement of the Extended Reporting Period, the entire premium therefor shall be deemed fully earned and non-refundable.
- B. The quotation of a different premium or deductible or limit of liability for renewal is not a cancellation or refusal to renew for the purposes of this provision.

- C. You shall have no right to purchase the Extended Reporting Period, unless you have satisfied all conditions of the Coverage Part and all premiums and Deductibles outstanding have been paid.
- D. Your right to purchase the Extended Reporting Period shall terminate unless written notice together with full payment of the premium for the Extended Reporting Period is given to us no later than sixty (60) days following the effective date of cancellation or nonrenewal.
- E. The fact that the period of time to report "claims" is extended by virtue of the Extended Reporting Period shall not increase or reinstate the Limit of Liability stated in the Declarations.
- F. Extended Reporting Periods do not extend the "policy period" or change the scope of coverage provided. They apply only to "wrongful acts" that occur before the end of the "policy period", but not before the Retroactive Date.  
"Claims" for such injury which are first received within sixty (60) days after the "policy period", or during the Extended Reporting Period if in effect, will be deemed to have been made on the last date of the "policy period".
- G. Once in effect, Extended Reporting Periods may not be canceled by us.

#### VI. COVERAGE TERRITORY

The insurance afforded by this Coverage Part applies worldwide, provided that the "claim" is made and any legal action is pursued within the United States of America, its territories, possessions or commonwealths, or Canada.

#### VII. LIMIT OF LIABILITY AND DEDUCTIBLE

- A. We will pay all "damages" and "claim expenses" resulting from each "claim" in excess of the Deductible stated in the Declarations, subject to B. through G. below.
- B. The maximum we will pay for each "claim" is the Each Claim Limit of Liability stated in the Declarations, subject to the Annual Aggregate Limit of Liability the Declarations.
- C. The maximum we will pay for all "claims" under this Coverage Part is the Annual Aggregate Limit of Liability stated in the Declarations, regardless of the number of "claims".
- D. "Claim expenses" shall be part of and not in addition to the Limit of Liability and payments of "claim expenses" and "damages" shall reduce the Limit of Liability.
- E. If the applicable Limit of Liability is exhausted by:
  - (1) Payment of "damages";
  - (2) Payment of "claim expenses", or
  - (3) Any combination of the above,

all of our obligations under the this Coverage Part with respect to any "claim", including the duty to defend, shall terminate immediately.

**F. Deductible**

- (1) The Deductible stated in the Declarations shall be paid by you, shall apply to each "claim" and shall include "damages" and "claim expenses".
- (2) We may from time to time advance payments for "damages" and "claim expenses" within the Deductible. Any amounts within the Deductible shall, upon written demand by us, be paid by you within 30 days.

**G. Multiple Insureds, "Claims" and Claimants**

- (1) Two or more "claims" arising out of the same "wrongful act" or "interrelated wrongful acts" shall be treated as a single "claim" and shall be considered first made at the earlier of the following times:
  - (a) The time at which the earliest "claim" involving the same "wrongful act" or "interrelated wrongful act" is first made, or
  - (b) The time at which the "claim" involving the same "wrongful act" or "interrelated wrongful act" is deemed to have been first made pursuant to Section IV.
- (2) The inclusion of more than one "insured" in the making of a single "claim", the bringing of more than one "claim" regarding the same "wrongful act" or "interrelated wrongful acts" or the making of a "claim" by more than one person or organization shall not increase the Limit of Liability.

The Limit of Liability for this coverage form applies separately to each consecutive annual period and to any remaining period of less than twelve (12) months starting with the beginning of the "policy period" shown in the Declarations, unless the "policy period" is extended after issuance for an additional period of less than twelve (12) months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limit of Liability.

**VIII. DUTIES IN THE EVENT OF CLAIM**

As a condition precedent to any coverage provided by this insurance and any obligations of ours under this coverage form, the "insured" must comply with each of the following duties in the event of a "claim".

**A. Notice of "Claim"**

- (1) The "insured" shall provide us with written notice of any "claim" as soon as practicable, but in no event later than 60 days after the end of the "policy period" or the "extended reporting period", if purchased.
- (2) The "insured" must include with any notice of "claim" a description of the "claim", the nature of the alleged "wrongful act", a summary of the facts upon which the "claim" is based, the nature of the alleged damage, the names of the claimants, the names of the "insureds" against whom the "claim" has been made, the manner in which the "insured" first became aware of the "claim" and any documents received directly by the "insured" or by the "insured's" representatives in connection with the making and handling of the "claim", such as any letters, demands, or summonses.

**B. Assistance and Cooperation of the Insured**

- (1) The "insured" shall fully assist and cooperate with us in the investigation, settlement and defense of all "claims" and upon our request shall authorize the release of records and other information, secure and give evidence, attend hearings and trials and obtain the location of and cooperation of witnesses.
- (2) The "insured" shall not, except at the "insured's" own cost, voluntarily make any payment, assume any obligation, incur any expenses, or admit any liability in connection with any "claim", incur any "claim expenses", or settle any "claim" without our written consent. The "insured" further agrees not to take any action which may increase our exposure under this coverage form.

**C. Subrogation**

- (1) In the event of any payment under this coverage form, we shall be subrogated to all the "insured's" rights of recovery therefor against any person or organization and the "insured" shall execute and deliver all instruments and papers required and do whatever else is necessary to secure and preserve such rights and to enable us to effectively bring suit in our name. The "insured" shall do nothing to prejudice such rights and shall provide all assistance and cooperation which we may reasonably require.

- (2) We shall not exercise any such right against any persons, firms or corporations included in the definition of "insured". Notwithstanding the foregoing, we reserve the right to exercise any rights of subrogation against an "insured" with respect to any "claim" brought about or contributed to by the dishonest, fraudulent, criminal or malicious act or omission of such "insured".

**D. False or Fraudulent Claims**

If any "insured" commits any false or fraudulent act in connection with the submission of a "claim" under this coverage form, this insurance shall be rendered null and void as to that "insured" from the date such fraudulent "claim" is received by us.

**IX. CONDITIONS**

**A. Application**

In granting coverage under this Coverage Part, we have relied on the representations in the "application". All such representations are the basis of coverage under this insurance.

By acceptance of this Coverage Part, the "insured" agrees that with respect to the statements in the "application" that:

- (1) The statements in the "application" are the true and correct representations of the "insured", each shall be deemed material to the acceptance of the risk or the hazard assumed by us under this insurance, and this coverage form is issued in reliance upon the truth and accuracy of such representations;
- (2) In the event the "application" contains misrepresentations or fails to state facts which materially affect either the acceptance of the risk or the hazard assumed by us under this coverage form, this insurance in its entirety shall be void and of no effect whatsoever, and
- (3) This Coverage Part shall be deemed to be a single unitary contract and not a severable contract of insurance or a series of individual insurance contracts with each "insured".

**B. Other Insurance**

This insurance shall apply in excess of the amount of the Deductible and any other valid and collectible insurance available to the "insured", whether such other insurance is

stated to be primary, pro rata, contributory, excess, contingent or otherwise, unless such other insurance specifically applies as excess insurance over the Limit of Liability provided herein.

**C. Changes in Exposure**

- (1) If after the Effective Date of this Coverage Part:

- (a) You merge into or consolidate with another organization such that the other organization is the surviving organization;
- (b) Another organization or person or group of organizations and/or persons acting in concert acquires all or substantially all of your assets;
- (c) Another organization or person or group of organizations and/or persons acting in concert acquires securities or voting rights which result in ownership or voting control by such other organization or person or group of organizations or persons of more than fifty percent (50%) of the outstanding securities representing the present right to vote for the election of your directors; or
- (d) You experience a cumulative change of fifty percent (50%) or more of the persons occupying positions on your Board of Directors,

then coverage under this Coverage Part shall continue to apply to the "insured", but only with respect to any "claims" first made during the "policy period" or the Extended Reporting Period, if purchased, for "wrongful acts" committed or allegedly committed prior to the effective date of such merger, consolidation, acquisition or change in positions and only if the following conditions are met:

- (i) The "insured" provides written notice of such event or transaction to us within 30 days of the effective date of such event or transaction;
- (ii) The "insured" provides us with such information in connection therewith as we may deem necessary; and
- (iii) The "insured" accepts any special terms, conditions, or exclusions or pays additional premium charge as may be required.

- (2) If after the Effective Date of this Coverage Part, the "insured" merges or consolidates with another entity such that the "insured" is the surviving entity, acquires another entity or substantially all of the assets of another entity or creates or acquires a "subsidiary" as defined in Section II., paragraph J., no coverage shall be afforded under this coverage form for any "claim" involving the assets acquired, the entity which is merged or consolidated with or acquired, the "subsidiary", or any of the assets, liabilities, directors, officers or employees of such entity or such "subsidiary" unless:
- (a) The "insured" provides written notice of such merger, consolidation, creation or acquisition to us within thirty (30) days after the effective date of such merger, consolidation, creation or acquisition;
  - (b) The "insured" provides us with such information in connection therewith as we may deem necessary;
  - (c) The "insured" accepts any special terms, conditions, or exclusions or pays additional premium charge as may be required; and
  - (d) We, at our sole discretion, agree to provide such coverage.
- (3) In the event of sale or dissolution of any "subsidiary" of yours after the Inception Date of this Coverage Part, the Coverage Part shall continue to apply to such "subsidiary" and to the partners, executive officers, directors, stockholders and employees of such "subsidiary", but only with respect to any "claim" first made during the "policy period" or the "extended reporting period", if purchased, for "wrongful acts" committed or allegedly committed prior to the effective date of sale or dissolution.

#### **D. Action Against Us**

No action shall lie against us unless, as a condition precedent thereto, the "insured" has fully complied with all the terms of this insurance and both the "insured's" liability and the amount of the "insured's" obligation to pay have been fully and finally determined either by judgment against the "insured" or by written agreement between the "insured", the claimant and us. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this coverage form to the extent of the insurance afforded by this Coverage Part. Nothing contained in this Coverage Part shall give any person or organization any right to join us as a party to any "claim". The "insured" or any of its legal representatives shall not implead us in any "claim".

#### **E. Bankruptcy or Insolvency**

Bankruptcy or insolvency of the "insured" or the "insured's" estate shall not relieve us of any of our obligations under this Coverage Part.

#### **F. Authorization**

By acceptance of this Coverage Part, the "insureds" agree that you shall act on behalf of all "insureds" with respect to the purchase and negotiation of this Coverage Part, the giving and receiving of all notices as provided herein, the cancellation of this Coverage Part, the payment of premiums and Deductibles, the receiving of any return premiums that may become due and the purchase of the Extended Reporting Period.

#### **G. When We Do Not Renew**

1. If we decide not to renew this Coverage Part, we will mail or deliver to the first "named insured" shown in the Declarations written notice of the nonrenewal not less than thirty (30) days before the expiration date.
2. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. Any state amendatory endorsement changing Nonrenewal Conditions for any part of this policy shall also apply to this Coverage Part.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EMPLOYMENT PRACTICES - EXCLUSION - PRIOR ACTS**

This endorsement modifies insurance provided under the following:

### **EMPLOYMENT PRACTICES COVERAGE FORM**

Section **I INSURING AGREEMENT** is changed to add the following paragraph:

#### **I. INSURING AGREEMENT**

- F.** This insurance applies only if the **claim** is for a **wrongful act** that did not occur before the Retroactive Date set forth in the Declarations, or after the end of the policy period.

A **wrongful act** occurs at the moment such **wrongful act** first takes place.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **TEXAS CHANGES**

This endorsement modifies insurance provided under the following:

**BUSINESS LIABILITY COVERAGE FORM  
COMMON POLICY CONDITIONS  
CONDOMINIUM ASSOCIATION COVERAGE  
SPECIAL PROPERTY COVERAGE FORM  
STANDARD PROPERTY COVERAGE FORM**

**I. The following provisions modify the COMMON POLICY CONDITIONS.**

**A. CANCELLATION**

1. If this policy covers a condominium association and:

- a. The condominium property contains at least one residence; or
- b. The condominium declarations conform with the Texas Uniform Condominium Act;

paragraphs **2.** and **3.** of the **Cancellation** Condition are deleted and replaced by the following:

2. We may cancel this policy by mailing or delivering written notice of cancellation, stating the reason for cancellation, at least 30 days before the effective date of cancellation.

The notice of cancellation will be provided to the first Named Insured 30 days before the effective date of cancellation.

We will also provide 30 days written notice to each unit-owner to whom we issued a certificate or memorandum of insurance.

- 3. We will mail or deliver the notice(s) to the last mailing address(es) known to us.
- 2. If paragraph 1. above does not apply, and this policy includes Business Liability coverage, paragraph **2.** of the **Cancellation**

Condition is deleted and replaced by the following:

- 2.a. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation.

- b. If this policy has been in effect for 60 days or less, we may cancel for any reason, except that, under the provisions of the Texas Insurance Code, we may not cancel this policy because the policyholder is an elected official.

- c. If this policy has been in effect for more than 60 days, or if it is a renewal or continuation of a policy issued by us, we may cancel only for one or more of the following reasons, or as permitted by Texas law:

- (1) Fraud in obtaining coverage;
- (2) Failure to pay premiums when due;
- (3) An increase in hazard within the control of the insured which would produce an increase in rate;
- (4) Loss of our reinsurance covering all or part of the risk covered by the policy; or
- (5) If we have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.



**B. CANCELLATION - One- And Two-Family Dwellings And Governmental Property**

1. Paragraph 5. of the **Cancellation** Condition is deleted and replaced by the following:

If this policy is canceled, we will send the first Named Insured any premium refund due. The cancellation will be effective even if we have not made or offered a refund.

The refund will be pro rata if:

- a. We cancel this policy; or
- b. The first Named Insured cancels this policy because:
  - (1) We refused to provide additional coverage which the first Named Insured requested under the policy; or
  - (2) We reduced or restricted coverage under the policy without the consent of the first Named Insured.

The refund may be less than pro rata if the first Named Insured cancels this policy for a reason other than those listed in **b.(1)** and **b.(2)** above.

2. The following provisions are added to the **Cancellation** Condition:

- a. If this policy has been in effect for 90 days or less and is not a renewal of a policy we issued, we may cancel coverage on one- and two-family dwellings and on governmental units for any reason.
- b. If this policy has been in effect for more than 90 days or is a renewal of a policy we issued, we may cancel coverage on one and two-family dwellings and on governmental units only for the following reasons:
  - (1) If the first Named Insured does not pay the premium or any portion of the premium when due;
  - (2) If the Texas Department of Insurance determines that continuation of this policy would result in violation of the Texas Insurance Code or any other law governing the business of insurance in Texas;
  - (3) If the Named Insured submits a fraudulent claim; or
  - (4) If there is an increase in the hazard covered by this policy that is within the control of the Named Insured

and would produce an increase in the premium rate of this policy.

- c. If such coverage is canceled, we will, at the request of the Named Insured, provide a written statement of the reason or reasons for such cancellation.
- d. In compliance with Texas law, we will not cancel such coverage solely because the policyholder is an elected official.

**C. NONRENEWAL**

The following is added and supersedes any provision to the contrary:

**Nonrenewal**

1. We may elect not to renew this policy. Under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.
2. If this policy covers a condominium association and:
  - a. The condominium property contains at least one residence; or
  - b. The condominium declarations conform with the Texas Uniform Condominium Act;

we will mail or deliver written notice of nonrenewal at least 30 days before the expiration or anniversary date of the policy to the first Named Insured.

We will also provide 30 days written notice to each unit-owner to whom we issued a certificate or memorandum of insurance, by mailing or delivering the notice to the last mailing address known to us.

3. If 2. above does not apply and we elect not to renew this policy, we may do so by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before the expiration date. If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro rata based on the previous year's premium.
4. If notice is mailed, proof of mailing will be sufficient proof of notice.

5. The transfer of a policyholder between admitted companies within the same insurance group is not considered a refusal to renew.

**D. NONRENEWAL - One- and Two-Family Dwellings and Governmental Property**

1. If we elect not to renew coverage on one- and two-family dwellings or on governmental units, we will mail or deliver written notice of nonrenewal to the first Named Insured and any mortgage holder shown in the Declarations, at least 30 days before the expiration date. Proof of mailing will be sufficient proof of notice.

We will, at the request of the Named Insured, provide a written statement of the reason or reasons for such nonrenewal.

If we fail to give the first Named Insured proper notice of our refusal to renew, the first Named Insured may require us to renew the policy.

2. We may elect not to renew such coverage for any reason, subject to the exceptions and limitations in Paragraphs 3. and 4. below.
3. We will not refuse to renew coverage:
  - a. Solely because the policyholder is an elected official; or
  - b. Because of claims for losses resulting from natural causes.
4. **Claims That Do Not Result From Natural Causes**
  - a. If we have previously notified you as provided in **b.** below, we may refuse to renew coverage if the Named Insured has filed under this policy, in any three-year period, three or more claims that do not result from natural causes.
  - b. If the Named Insured has filed two such claims in a period of less than three years, we may notify the first Named Insured in writing that, if the Named Insured files a third such claim during the three year period, we may refuse to renew coverage.
  - c. A claim does not include a claim that is filed but is not paid or payable under the policy.

**D. PREMIUMS**

Paragraph **I.3** of the **Premiums** Condition does not apply.

**II. The following provisions modify the STANDARD or SPECIAL PROPERTY COVERAGE FORM.**

**A. EXCLUSIONS**

Paragraph **B. EXCLUSIONS** is amended as follows:

Paragraph **2.c.(4)** is deleted and replaced by the following:

- (4) Settling, cracking, shrinking, expansion or contraction;

**B. PROPERTY LOSS CONDITIONS**

Paragraph **E. PROPERTY LOSS CONDITIONS** is amended as follows:

1. The **Legal Action Against Us** Condition is deleted and replaced by the following:

**Legal Action Against Us**

No one may bring legal action against us under this policy unless:

1. There has been full compliance with all of the terms of this policy; and
2. The action is brought within 2 years and one day from the date the cause of action first accrues. A cause of action accrues on the date of the initial breach of our contractual duties as alleged in the action.

2. The **Appraisal** Condition is deleted and replaced by the following:

**Appraisal**

If we and you disagree on the amount of loss (or net income or operating expense, as regards Business Income Coverage), either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. Each appraiser will state the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding as to the amount of loss. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal:

- (a.) You will still retain your right to bring a legal action against us, subject to the provisions of the Legal Action Against Us Condition; and
  - (b) We will still retain our right to deny the claim.
3. Paragraph **E.3.h.** of the **Duties In The Event Of Loss Or Damage** Condition is deleted and replaced by the following:
- h. Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 91 days after our request. We will supply you with the necessary forms.
4. Under the **Loss Payment** Condition, the provisions pertaining to notice of our intentions and the time period for payment of claims are deleted and replaced by the following:

**a. Claims Handling**

- (1) Within 15 days after we receive written notice of claim, we will:
  - (a) Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;
  - (b) Begin any investigation of the claim; and
  - (c) Request a signed, sworn proof of loss, specify the information you must provide and supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.
- (2) We will notify you in writing as to whether:
  - (a) The claim or part of the claim will be paid;
  - (b) The claim or part of the claim has been denied, and inform you of the reasons for denial;
  - (c) More information is necessary; or
  - (d) We need additional time to reach a decision. If we need additional time, we will inform

you of the reasons for such need.

We will provide notification, as described in **2.(a)** through **2.(d)** above, within:

- (i) 15 business days after we receive the signed, sworn proof of loss and all information we requested; or
- (ii) 30 days after we receive the signed, sworn proof of loss and all information we requested, if we have reason to believe the loss resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

**b. Claims Payment**

We will pay for covered loss or damage within 5 business days after:

- (1) We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or
- (2) An appraisal award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms of this policy, we will make payment within 5 business days after the date you have complied with such terms.

**c. Catastrophe Claims**

The following paragraphs are added:

If a claim results from a weather related catastrophe or a major natural disaster, the claim handling and claim payment deadlines described in **4.a.** and **4.b.** above are extended for an additional 15 days.

Catastrophe or Major Natural Disaster means a weather related event which:

- (1) Is declared a disaster pursuant to the Texas Disaster Act of 1975; or
- (2) Is determined to be a catastrophe by the State Board of Insurance.

- d. The term "days" means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

5. The following is added to the **Loss Payment Condition**

**Policy a Liquidated Demand.**

Per Ins s 862.053, a fire insurance policy, in case of total loss by fire of property insured, shall be held and considered to be a liquidated demand against the Company for the full amount of such policy. This subsection shall not apply to personal property.

**C. PROPERTY GENERAL CONDITIONS**

Paragraph **F. PROPERTY GENERAL CONDITIONS** is amended as follows:

1. Paragraphs **d.** and **f.** of the **Mortgage Holders Condition** are deleted and replaced by the following:

- d.** If we deny your claim because of your acts or because you have failed to comply with the terms of this policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:

- (1) Pays any premium due under this policy at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 91 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this policy will then apply directly to the mortgage holder.

- f.** If we cancel this policy, we will give written notice to the mortgage holder at least:

- (1) 14 days before the effective date of cancellation if we cancel for your non-payment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

If you cancel the policy, we will give the notice of cancellation to be effective on the date stated in the notice. The date of cancellation cannot be before the 10th day after the date we mail the notice.

2. The following provisions apply when the **CONDOMINIUM ASSOCIATION COVERAGE** form is attached to this policy:

- a.** The following Condition is added

**ACT OR OMISSION**

No act or omission by any unit-owner will void this policy or be a condition to recovery under this policy. But this Condition does not apply to unit-owners acting within the scope of their authority on behalf of the Association.

- b.** The following is added to the **Mortgage Holders Condition**:

If the condominium is terminated, we will pay for covered loss of, or damage to, buildings or structures to each mortgage holder shown on the Declarations in their order of precedence, as interests may appear.

In all other respects, we will pay for loss to buildings or structures to you or the insurance trustee designated for that purpose, in accordance with the **Loss Payment Condition** in the **CONDOMINIUM ASSOCIATION COVERAGE** form.

**III. The following provisions modify the BUSINESS LIABILITY COVERAGE FORM.**

- A.** The following is added to paragraph **E.2 Duties In The Event Of Occurrence, Offense, Claim Or Suit** of the **LIABILITY AND MEDICAL EXPENSES GENERAL CONDITIONS**:

- 1.** We will notify the insured in writing of any:

- a.** Initial offer to compromise or settle a claim against the insured under the liability section of this policy. We will give the insured notice within 10 days after the date the offer is made.
- b.** Settlement of a claim against the insured under the liability section of this policy. We will give the insured notice within 30 days after the date of the settlement.

- 2.** The following provision applies:

With regard to liability for "bodily injury", "property damage" and "personal and advertising injury", no provision of this policy requiring you or any insured to give notice

of "occurrence", claim or "suit", will bar coverage under this policy, unless we are prejudiced by such failure to comply with the requirement.

IV. The following provision modifies the **CONDOMINIUM ASSOCIATION COVERAGE ENDORSEMENT**.

- A. The **Waiver of Rights of Recovery** condition is deleted and replaced by the following:

**Waiver of Rights of Recovery**

We waive our rights to recover payment against:

1. Any unit-owner described in the Declarations including the developer, and members of his or her household;
2. The Association; and
3. Members of the board of directors for acts or omissions within the scope of their duties for you.

But we reserve our rights to recover from the developer any damages for which he or she may be held liable in his or her capacity as a developer.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **TEXAS CHANGES – CANCELLATION AND NONRENEWAL - BUSINESS LIABILITY AND PACKAGE POLICIES**

This endorsement modifies insurance provided under the following:

### **BUSINESS LIABILITY COVERAGE FORM**

This endorsement also modifies insurance provided under the following when written as part of a Commercial Package Policy:

### **STANDARD PROPERTY COVERAGE FORM SPECIAL PROPERTY COVERAGE FORM COMMON POLICY PROVISIONS CONDOMINIUM ASSOCIATION COVERAGE**

**A.** Paragraph 2. of the **CANCELLATION** Common Policy Condition is replaced by the following:

- 2.** We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation.

However if this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then the notice of cancellation, as described above, will be provided to the First Named Insured 30 days before the effective date of cancellation. We will also provide 30 days' written notice to each unit-owner to whom we issued a certificate or memorandum of insurance, by mailing or delivering the notice to each last mailing address known to us.

The permissible reasons for cancellation are as follows:

- a.** If this policy has been in effect for 60 days or less, we may cancel for any reason except, that under the provisions of the Texas Insurance Code, we may not cancel this policy solely because the policyholder is an elected official.

- b.** If this policy has been in effect for more than 60 days, or if it is a renewal or continuation of a policy issued by us, we may cancel only for one or more of the following reasons:

- (1)** Fraud in obtaining coverage;
- (2)** Failure to pay premiums when due;
- (3)** An increase in hazard within the control of the insured which would produce an increase in rate;
- (4)** Loss of our reinsurance covering all or part of the risk covered by the policy; or
- (5)** If we have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.

- B.** The following condition is added and supersedes any provision to the contrary:

### **NONRENEWAL**

- 1.** We may elect not to renew this policy except, that under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.
- 2.** This Paragraph, 2., applies unless the policy qualifies under Paragraph 3. below.

If we elect not to renew this policy, we may do so by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before the expiration date. If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro rata based on the previous year's premium.

3. If this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then we will mail or deliver written notice of nonrenewal, at least 30 days before the expiration or anniversary date of the policy, to:

- a. The first Named Insured; and
- b. Each unit-owner to whom we issued a certificate or memorandum of insurance.

We will mail or deliver such notice to each last mailing address known to us.

4. If notice is mailed, proof of mailing will be sufficient proof of notice.
5. The transfer of a policyholder between admitted companies within the same insurance group is not considered a refusal to renew.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

**BUSINESS LIABILITY COVERAGE FORM  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE FORM  
SPECIAL PROPERTY COVERAGE FORM  
STANDARD PROPERTY COVERAGE FORM  
UMBRELLA LIABILITY PROVISIONS**

**A. Disclosure Of Federal Participation In Payment Of Terrorism Losses**

The United States Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of such insured losses that exceeds the applicable insurer deductible.

However, if aggregate insured losses attributable to certified terrorist acts under Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of such losses that exceeds \$100 billion.

**B. Cap On Certified Terrorism Losses**

A "Certified act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States. The criteria contained in Terrorism Risk Insurance Act, as amended, for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of an United States mission; and

3. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

**C. Application Of Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.





## U.S. DEPARTMENT OF THE TREASURY, OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by the United States. **Please read this Notice carefully.**

The Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States. OFAC acts under Presidential national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under U.S. jurisdiction. OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called "Specially Designated Nationals and Blocked Persons" or "SDNs". Their assets are blocked and U.S. persons are generally prohibited from dealing with them. This list can be located on OFAC's web site at – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is an SDN, as identified by OFAC, the policy is a blocked contract and all dealings with it must involve OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC.



**Named Insured:** ARLINGTON CAREER INSTITUTE

**Policy Number:** 46 SBA BC5239

**Effective Date:** 10/01/11

**Expiration Date:** 10/01/12

**Company Name:** HEARTLAND MARKETING GROUP INC

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

### **TRADE OR ECONOMIC SANCTIONS ENDORSEMENT**

This insurance does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance, including, but not limited to, the payment of claims.

All other terms and conditions remain unchanged.

096-280051-15

**Insurer:** HARTFORD LLOYDS INSURANCE COMPANY  
785 GREENS PARKWAY, SUITE 200, HOUSTON, TX 77067



This Declarations Page, with Umbrella Liability Provisions and Endorsements, if any, issued to form a part thereof, shall together constitute this Umbrella Liability Supplemental Contract, which in turn forms a part of Policy Number shown below.

None of the provisions of the policy to which this Supplemental Contract is attached applies to the Umbrella Liability Insurance provided hereunder.

Wherever the word "policy" appears in this form or in endorsements attached to or made a part of this Supplemental Contract, it means "Supplemental Contract".

**POLICY NUMBER:** 46 SBA BC5239

## DECLARATIONS

**Named Insured and Mailing Address:** ARLINGTON CAREER INSTITUTE

901 AVENUE K  
GRAND PRAIRIE TX 75050

**Policy Period** From: 10/01/11 To: 10/01/12  
**12:01 A.M., Standard time at the address of the named insured as stated herein.**

**Premium** \$ INCLUDED ADVANCE PREMIUM

Self Insured Retention \$10,000 each occurrence

The Limits of Insurance subject to all the terms of this policy that apply are:

Each Occurrence	\$ 1,000,000	Products-Completed Operations Aggregate Limit	\$ 1,000,000
General Aggregate Limit (Other than Products - Completed Operations, Bodily Injury By Disease and Automobile)	\$ 1,000,000	Bodily Injury By Disease Aggregate Limit	\$ 1,000,000

### Schedule of Underlying Insurance Policies

*See Attached "Extension Schedule of Underlying Insurance Policies"*

### Form Numbers of Forms and Endorsements that apply.

SX80041008	SX80020405	SX01141008	SX21040697
SX21050697	SX21610697	SX21771206	SX21821008
SX24010401	SX24580901		

Countersigned by

*Frederic R. Gas*

Authorized Representative

09/01/11  
Date

# EXTENSION SCHEDULE OF UNDERLYING INSURANCE POLICIES



This extension schedule forms a part of the policy designated in the Declarations.

## Carrier, Policy Number and Policy Period:

### A. HARTFORD LLOYDS INSURANCE COMPANY

46 SBA BC5239

10/01/11 TO 10/01/12

#### Type of Coverage

( X ) Business Liability - including:

Employees as Additional Insureds  
Contractual Liability  
Limited Non-Owned Watercraft  
Additional Insureds  
Damages To Premises Rented To You

#### Applicable Limits

Bodily Injury and Property Damage  
Liability Combined  
\$1,000,000 each occurrence  
\$2,000,000 general aggregate

Property Damage Liability  
\$ 300,000 each occurrence

( X ) Personal and Advertising Injury  
( X ) Products/Completed Operations

\$1,000,000  
\$2,000,000 Prod./Comp. Ops.  
aggregate  
Limit of Liability

( ) Hired Auto and Non-Owned Auto

### B. HARTFORD UNDERWRITERS INS CO

46 UEC UY1487 10/01/11 TO 10/01/12

( X ) Comprehensive Automobile Liability -  
Owned Automobiles

Bodily Injury Liability  
each person  
each accident

( X ) Non-Owned Automobiles

Property Damage Liability  
each accident

( X ) Hired Automobiles

Bodily Injury and Property Damage  
\$1,000,000 Liability Combined  
each accident  
each occurrence

( ) Uninsured Motorist

### C.

( ) Employer's Liability

each accident\*  
each employee by  
disease\*  
total policy by disease\*

### D.

( ) Liquor Liability

An "X" marked in the box indicates the coverage is provided in the Underlying Policies.

(Note Maintenance of Underlying Insurance Condition SX 80 02 or SX 80 03)

\*Except that in any jurisdiction where the amount of Employers Liability Coverage afforded by the underlying insurer is by law unlimited, the limit stated does not apply and the policy of which this extension schedule forms a part shall afford no insurance with respect to Employers Liability in such jurisdiction.

**EXTENSION SCHEDULE OF UNDERLYING  
INSURANCE POLICIES (Continued)**

**POLICY NUMBER:** 46 SBA BC5239

**Carrier, Policy Number and Policy Period:**  
E.

Type of Coverage	Applicable Limits
( ) Foreign Commercial General Liability- including: Personal and Advertising Injury Products/Completed Operations	each occurrence  Personal and Advertising Injury aggregate Products/Completed Operations aggregate
( ) Foreign Contingent Auto Liability	each accident
( ) Foreign Employer's Liability	each accident * each employee by disease* total policy by disease*

An "X" marked in the box indicates the coverage is provided in the Underlying Policies.

**(Note Maintenance of Underlying Insurance Condition SX 80 02 or SX 80 03)**

\*Except that in any jurisdiction where the amount of Employers Liability Coverage afforded by the underlying insurer is by law unlimited, the limit stated does not apply and the policy of which this extension schedule forms a part shall afford no insurance with respect to Employers Liability in such jurisdiction.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **UMBRELLA LIABILITY PROVISIONS**

This supplemental contract modifies insurance provided under the policy to which it is attached.

In this policy the words "you" and "your" refer to the Named Insured first shown in the Declarations and any other person or organization qualifying as a Named Insured under this policy. "We", "us" and "our" refer to the stock insurance company member of The Hartford shown in the Declarations.

Other words and phrases that appear in quotation marks also have special meanings. Refer to DEFINITIONS (Section VII).

IN RETURN FOR THE PAYMENT OF THE PREMIUM, in reliance upon the statements in the Declarations made a part hereof and subject to all of the terms of this policy, we agree with you as follows:

### **SECTION I - COVERAGES**

#### **INSURING AGREEMENTS**

##### **A. Umbrella Liability Insurance**

1. We will pay those sums that the "insured" becomes legally obligated to pay as "damages" in excess of the "underlying insurance" or of the "self-insured retention" when no "underlying insurance" applies, because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies caused by an "occurrence". But, the amount we will pay as "damages" is limited as described in **Section IV – LIMITS OF INSURANCE.**

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **Section II - INVESTIGATION, DEFENSE, SETTLEMENT.**

2. This insurance applies to "bodily injury", "property damage" or "personal and advertising injury" only if:
  - a. The "bodily injury", "property damage" or "personal and advertising injury" occurs during the "policy period"; and
  - b. Prior to the "policy period", no "insured" listed under Paragraph **A.** of Section **III – Who Is An Insured** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed "insured" or

authorized "employee" knew, prior to the "policy period", that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the "policy period" will be deemed to have been known prior to the "policy period".

3. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any "insured" listed under Paragraph **A.** of Section **III – Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
  - a. Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
  - b. Receives a written or verbal demand or claim for "damages" because of the "bodily injury" or "property damage"; or
  - c. Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

##### **B. Exclusions**

This policy does not apply to:

###### **1. Pollution**

Any obligation:

**UMBRELLA LIABILITY PROVISIONS**

- a. To pay for the cost of investigation, defense or settlement of any claim or suit against any "insured" alleging actual or threatened injury or damage of any nature or kind to persons or property which arises out of or would not have occurred but for the pollution hazard; or
- b. To pay any "damages", judgments, settlements, loss, costs or expenses that may be awarded or incurred:
  - (1) By reason of any such claim or suit or any such injury or damage; or
  - (2) In complying with any action authorized by law and relating to such injury or damage.

As used in this exclusion, pollution hazard means an actual exposure or threat of exposure to the corrosive, toxic or other harmful properties of any solid, liquid, gaseous or thermal:

- a. Pollutants;
- b. Contaminants;
- c. Irritants; or
- d. Toxic substances;

Including:

Smoke;  
Vapors;  
Soot;  
Fumes;  
Acids;  
Alkalis;  
Chemicals, and

Waste materials consisting of or containing any of the foregoing. Waste includes materials to be recycled, reconditioned or reclaimed.

**EXCEPTION**

This exclusion does not apply:

- a. To "bodily injury" to any of your "employees" arising out of and in the course of their employment by you; or
- b. To injury or damage as to which valid and collectible "underlying insurance" with at least the minimum limits shown in the Extension Schedule of Underlying Insurance Policies is in force and applicable to the "occurrence". In such event, any coverage afforded by this policy for the "occurrence" will be subject to the pollution exclusions of the "underlying insurance" and to the conditions, limits and other provisions of this policy. In the event that "underlying insurance" is not maintained with limits of liability as set forth in the

Extension Schedule of Underlying Insurance Policies, coverage under any of the provisions of this exception does not apply.

Exception **b.** does not apply to:

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- (1) That are, or that are contained in any property that is:
  - (a) Being transported or towed by, or handled for movement into, onto or from, any "auto";
  - (b) Otherwise in the course of transit by or on behalf of the "insured"; or
  - (c) Being stored, disposed of, treated or processed in or upon any "auto";
- (2) Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto any "auto"; or
- (3) After the "pollutants" or any property in which the "pollutants" are contained are moved from any "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph (1) above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of an "auto", covered by the "underlying insurance" or its parts, if:

- (a) The "pollutants" escape, seep, migrate, or are discharged or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
- (b) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraphs **f.(2)** or **f.(3)**. of the definition of "mobile equipment" in the Business Liability Coverage Form.

Paragraphs (2) and (3) above do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon an "auto" covered by the "underlying insurance" if:

- (a) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of the "auto"; and

**UMBRELLA LIABILITY PROVISIONS**

(b) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

**2. Workers' Compensation and Similar Laws**

Any obligation of the "insured" under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

**3. Contractual Liability**

Liability assumed by the "insured" under any contract or agreement with respect to an "occurrence" taking place before the contract or agreement is executed.

**4. Personal and Advertising Injury**

"Personal and advertising injury".

**EXCEPTION**

This exclusion does not apply if "underlying insurance" is applicable to "personal and advertising injury" and to claims arising out of that "personal and advertising injury".

**5. Underlying Insurance**

Any injury or damage:

- a. Covered by "underlying insurance" but for any defense which any underlying insurer may assert because of the "insured's" failure to comply with any condition of its policy; or
- b. For which "damages" would have been payable by "underlying insurance" but for the actual or alleged insolvency or financial impairment of an underlying insurer.

**6. Aircraft**

"Bodily injury" or "property damage" arising out of the ownership, operation, maintenance, use, entrustment to others, "loading or unloading" of any aircraft:

- a. Owned by any "insured"; or
- b. Chartered or loaned to any "insured".

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an "insured", if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft that is owned or operated by or rented or loaned to any "insured".

This exclusion does not apply to aircraft that is:

- a. Hired, chartered or loaned with a paid crew; but
- b. Not owned by any "insured".

This exclusion does not apply to "bodily injury" to any of your "employees" arising out of and in the course of their employment by you.

**7. Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, operation, maintenance, use, entrustment to others, "loading or unloading" of any watercraft.

This exclusion applies even if the claims allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by an "insured", if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others, of any watercraft that is owned or operated by or rented or loaned to, any "insured".

This exclusion does not apply to:

- a. Watercraft you do not own that is:
  - (1) Less than 51 feet long; and
  - (2) Not being used to carry persons for a charge;
- b. "Bodily injury" to any of your "employees" arising out of and in the course of their employment by you; or
- c. Any watercraft while ashore on premises owned by, rented to or controlled by you.

**8. War**

Any injury or damage, however caused, arising, directly or indirectly, out of:

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**9. Damage to Property**

"Property damage" to property you own.

**10. Damage to Your Product**

"Property damage" to "your product" arising out of it or any part of it.



**UMBRELLA LIABILITY PROVISIONS****11. Damage to Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

**12. Damage to Impaired Property or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured arising out of:

1. A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
2. A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

**13. Recall of Products, Work or Impaired Property**

"Damages" claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- a. "Your product";
- b. "Your work"; or
- c. "Impaired property";

if such product, work or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

**14. Expected or Intended**

"Bodily injury" or "property damage" expected or intended from the standpoint of the "insured".

This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

**15. Employer Liability**

With respect to coverage afforded any of your "employees", to "bodily injury" or "personal and advertising injury":

- a. To other "employees" arising out of and in the course of their employment;

- b. To the spouse, child, parent, brother or sister of that "employee" as a consequence of such "bodily injury" to that "employee";
- c. To you, or any of your partners or members (if you are a partnership or joint venture), or your members (if you are a limited liability company); or
- d. Arising out of the providing or failing to provide professional health care services.

Subparagraphs **a.** and **b.** of this exclusion apply:

- (1) Whether the "insured" may be liable as an employer or in any other capacity; and
- (2) To any obligation to share "damages" with or repay someone else who must pay "damages" because of the injury.

**EXCEPTION**

Subparagraphs **a.** and **b.** of this exclusion do not apply if "underlying insurance" is maintained providing coverage for such liability with minimum underlying limits, as described in the Extension Schedule of Underlying Insurance Policies.

**16. Property Damage to Employee's Property**

With respect to coverage afforded any of your "employees", to "property damage" to property owned or occupied by or rented or loaned to:

- a. That "employee";
- b. Any of your other "employees";
- c. Any of your partners or members (if you are a partnership or joint venture); or
- d. Any of your members (if you are a limited liability company);

**17. Uninsured or Underinsured Motorists**

Any claim for:

- a. Uninsured or Underinsured Motorists Coverage;
- b. Personal injury protection;
- c. Property protection; or
- d. Any similar no-fault coverage by whatever name called;

unless this policy is endorsed to provide such coverage.

**18. Employment Practices Liability**

Any injury or damage to:

1. A person arising out of any:
  - (a) Refusal to employ that person;
  - (b) Termination of that person's employment; or

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- (c) Any employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- 2. The spouse, child, parent, brother or sister of that person, as a consequence of "bodily injury" or "personal and advertising injury" to that person at whom any of the employment-related practices described in paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- i. Whether the "insured" may be liable as an employer or in any other capacity; and
- ii. To any obligation to share "damages" with or repay someone else who must pay "damages" because of the injury.

**19. Employee Retirement Income Security Act**

Any liability arising out of intentional or unintentional violation of any provision of the Employee Retirement Income Security Act of 1974, Public Law 93-406 (commonly referred to as the Revision Act of 1974), or any amendments to them.

**20. Asbestos**

Any injury, "damages", loss, cost or expense, including but not limited to "bodily injury", "property damage" or "personal and advertising injury" arising out of, or relating to, in whole or in part, the "asbestos hazard" that:

- a. May be awarded or incurred by reason of any claim or suit alleging actual or threatened injury or damage of any nature or kind to persons or property which would not have occurred in whole or in part but for the "asbestos hazard"; or
- b. Arise out of any request, demand, order, or statutory or regulatory requirement that any "insured" or others test for, monitor, clean up, remove, encapsulate, contain, treat, detoxify or neutralize or in any way respond to or assess the effects of any "asbestos hazard"; or
- c. Arise out of any claim or suit for "damages" because of testing for, monitoring, cleaning up, removing, encapsulating, containing, treating, detoxifying or neutralizing or in any way responding to or assessing the effects of an "asbestos hazard".

**21. Racing And Stunting Activities**

"Bodily injury" or "property damage" arising out of the ownership, operation, maintenance, use, entrustment to others, "loading or unloading" of an "auto" or "mobile equipment" while being used in any:

- a. Prearranged or organized racing, speed or demolition contest;
- b. Stunting activity; or
- c. Preparation for any such contest or activity.

**22. Electronic Data**

"Damages" arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate "electronic data".

**23. Limited Underlying Coverage**

Any injury, damage, loss, costs or expense, including but not limited to "bodily injury", "property damage" or "personal and advertising injury" for which:

- a. An "underlying insurance" policy or policies specifically provides coverage; but that
- b. Because of a provision within the "underlying insurance", such coverage is provided at a limit or limits of insurance that are less than the limit(s) for the "underlying insurance" policy or policies shown on the Extension Schedule of Underlying Insurance Policies.

**24. Violation Of Statutes That Govern E-Mails, Fax, Phone Calls Or Other Methods Of Sending Material Or Information**

"Bodily injury", "property damage", or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- b. The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- c. Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

**SECTION II - INVESTIGATION, DEFENSE, SETTLEMENT**

- A. With respect to "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies (whether or not the "self-insured retention" applies) and

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1. For which no coverage is provided under any "underlying insurance"; or
2. For which the underlying limits of any "underlying insurance" policy have been exhausted solely by payments of "damages" because of "occurrences" during the "policy period";

We:

1. Will have the right and the duty to defend any "suit" against the "insured" seeking "damages" on account thereof, even if such "suit" is groundless, false or fraudulent; but our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under coverages afforded by this policy;
2. May make such investigation and settlement of any claim or "suit" as we deem expedient;
3. Will pay all expenses incurred by us, all costs taxed against the "insured" in any "suit" defended by us and all interest on the entire amount of any judgment therein which accrues after the entry of the judgment and before we have paid or tendered or deposited in court that part of the judgment which does not exceed the applicable limit of insurance;
4. Will pay all premiums on appeal bonds required in any such "suit", premiums on bonds to release attachments in any such "suit" for an amount not in excess of the applicable limit of insurance, and the cost of bail bonds required of the "insured" because of an accident or traffic law violation arising out of the operation of any vehicle to which this policy applies, but we will have no obligation to apply for or furnish any such bonds;
5. Will pay all reasonable expenses incurred by the "insured" at our request in assisting us in the investigation or defense of any claim or "suit", including actual loss of earnings not to exceed \$500 per day per "insured";

and the amounts so incurred, except settlement of claims and "suits", are not subject to the "self-insured retention" and are payable in addition to any applicable limit of insurance.

The "insured" agrees to reimburse us promptly for amounts paid in settlement of claims or "suits" to the extent that such amounts are within the "self-insured retention".

- B. You agree to arrange for the investigation, defense or settlement of any claim or "suit" in any country where we may be prevented by law from carrying out this agreement. We will pay defense expenses incurred with our written consent in connection with any such claim or "suit" in addition

to any applicable limit of insurance. We will also promptly reimburse you for our proper share, but subject to the applicable limit of insurance, of any settlement above the "self-insured retention" made with our written consent.

- C. We will have the right to associate at our expense with the "insured" or any underlying insurer in the investigation, defense or settlement of any claim or "suit" which in our opinion may require payment hereunder. In no event, however, will we contribute to the cost and expenses incurred by any underlying insurer.

**SECTION III - WHO IS AN INSURED**

- A. If you are doing business as:

1. An individual, you and your spouse are "insureds", but only with respect to the conduct of a business of which you are the sole owner.
2. A partnership or joint venture, you are an "insured". Your members, your partners, and their spouses are also "insureds", but only with respect to the conduct of your business.
3. A limited liability company, you are an "insured". Your members are also "insureds", but with only respect to the conduct of your business. Your managers are "insureds", but only with respect to their duties as your managers.
4. An organization other than a partnership, joint venture or limited liability company, you are an "insured". Your "executive officers" and directors are "insureds", but only with respect to their duties as your officers or directors. Your stockholders are also "insureds", but only with respect to their liability as stockholders.
5. A trust, you are an "insured". Your trustees are also "insureds", but only with respect to their duties as trustees.

- B. Each of the following is also an "insured":

1. Your "volunteer workers" only while performing duties related to the conduct of your business or your "employees" other than your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts:
  - a. Within the scope of their employment by you or while performing duties related to the conduct of your business; and
  - b. Only if such "volunteer workers" or "employees" are "insureds" in the "underlying insurance" with limits of

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liability at least as high as set forth in the Extension Schedule of Underlying Insurance Policies, subject to all the limitations upon coverage and all other policy terms and conditions of such "underlying insurance" and this policy.

2. Any person or organization with whom you agreed, because of a written contract, written agreement or because of a permit issued by a state or political subdivision, to provide insurance such as is afforded under this policy, but only with respect to your operations, "your work" or facilities owned or used by you.

This provision does not apply:

- a. Unless the written contract or written agreement has been executed, or the permit has been issued, prior to the "bodily injury," "property damage," or "personal and advertising injury"; and
  - b. Unless the limits of liability specified in such written contract, written agreement or permit are greater than the limits of liability provided by the "underlying insurance".
  - c. Beyond the period of time required by the written contract, written agreement or permit.
3. Any person or organization having proper temporary custody of your property if you die, but only:
    - a. With respect to liability arising out of the maintenance or use of that property; and
    - b. Until your legal representative has been appointed
  4. Your legal representative if you die, but only with respect to his or her duties as such. That representative will have all your rights and duties under this policy.
- C. With respect to any "auto", any "insured" in the "underlying insurance" is an "insured" under this insurance policy, subject to all the limitations of such "underlying insurance".
  - D. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an "insured" while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an "insured", but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an "insured" with respect to:

1. "Bodily injury" to a co-"employee" of the person driving the equipment; or
2. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an "insured" under this provision.

- E. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain financial interest of more than 50% of the voting stock, will qualify as an "insured" if there is no other similar insurance available to that organization.

However:

1. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the "policy period", whichever is earlier;
2. This insurance does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
3. This insurance does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

- F. Each person or organization, not included as an "insured" in Paragraphs **A.**, **B.**, **C.**, **D.**, or **E.**, who is an "insured" in the "underlying insurance" is an "insured" under this insurance subject to all the terms, conditions and limitations of such "underlying insurance".

No person or organization is an "insured" with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

With respect to any person or organization who is not an "insured" under "underlying insurance", coverage under this policy shall apply only to loss in excess of the amount of the "underlying insurance" or "self-insured retention" applicable to you.

However, coverage afforded by reason of the provisions set forth above applies only to the extent:

- (i) Of the scope of coverage provided by the "underlying insurance" but in no event shall coverage be broader than the scope of coverage provided by this policy and any endorsements attached hereto; and
- (ii) That such coverage provided by the "underlying insurance" is maintained having limits as set forth in the Extension Schedule of Underlying Insurance Policies.

**UMBRELLA LIABILITY PROVISIONS****SECTION IV - LIMITS OF INSURANCE**

- A. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
1. "Insureds";
  2. Claims made or "suits" brought;
  3. Persons or organizations making claims or bringing "suits"; or
  4. Coverages under which "damages" are covered under this policy.
- B. The Limit of Insurance stated as the General Aggregate Limit is the most we will pay for the sum of "damages", other than "damages":
1. Because of injury or damage included within the "products-completed operations hazard";
  2. Because of "bodily injury" by disease to your "employees" arising out of and in the course of their employment by you; and
  3. Because of "bodily injury" or "property damage" arising out of the ownership, operation, maintenance, use, entrustment to others, "loading or unloading" of any "auto".
- C. The Limit of Insurance stated as the Products Completed Operations Aggregate Limit is the most we will pay for "damages" because of injury or damage included within the "products-completed operations hazard".
- D. The Limit of Insurance stated as the Bodily Injury By Disease Aggregate Limit is the most we will pay for "damages" because of "bodily injury" by disease to your "employees" arising out of and in the course of their employment by you.
- E. Subject to B., C., or D. above, whichever applies, the Each Occurrence Limit is the most we will pay for "damages" because of all "bodily injury", "property damage", and "personal and advertising injury" arising out of any one "occurrence".
- F. Our obligations under this insurance, except for our obligations under the Cancellation and Nonrenewal Conditions, end when the applicable Limit of Insurance available is used up. If we pay any amounts for "damages" in excess of that Limit of Insurance, you agree to reimburse us for such amounts.
- G. The limits of this policy apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the "policy period" shown in the Declarations. However, if the "policy period" is extended after issuance for an additional period of less than 12 months, the additional period will be deemed part of the last preceding period for the purpose of determining the Limits of Insurance.

**SECTION V - NUCLEAR ENERGY LIABILITY EXCLUSION (Broad Form)**

- A. The insurance does not apply:
1. To "bodily injury" or "property damage":
    - a. With respect to which an "insured" under the policy is also an "insured" under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an "insured" under any such policy but for its termination upon exhaustion of its limit of liability; or
    - b. Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
  2. To "bodily injury" or "property damage" resulting from the "hazardous properties" of "nuclear material" if:
    - a. The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
    - b. The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an "insured"; or
    - c. The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to "property damage" to such "nuclear facility" and any property thereat.
- B. As used in this exclusion:
- "Hazardous properties" include radioactive, toxic or explosive properties;

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"Nuclear material" means "source material", "special nuclear material" or "by-product material";

"Source material", "special nuclear material" and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (1) Any "nuclear reactor";
- (2) Any equipment or device designed or used for
  - (1) separating the isotopes of uranium or plutonium,
  - (2) processing or utilizing "spent fuel", or
  - (3) handling, processing or packaging "waste";
- (3) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (4) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste"; and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

"Property damage" includes all forms of radioactive contamination of property.

**SECTION VI - CONDITIONS****A. Premium**

All premiums for this policy shall be computed in accordance with the Premium Section of the Declarations. The premium stated as such in the Declarations is a deposit premium only which shall be credited to the amount of any earned premium.

At the close of each "policy period", the earned premium shall be computed for such period, and upon notice thereof to the Named Insured first shown in the Declarations, shall become due and payable by such Named Insured. If the total earned premium for the "policy period" is less than the premium previously paid and more than the minimum premium, we shall return to such Named Insured the unearned portion paid by such Named Insured.

The Named Insured first shown in the Declarations shall maintain records of such information as is necessary for premium computation, and shall send copies of such records to us at the end of the "policy period" and at such times during the "policy period" as we may direct.

**B. Inspection and Audit**

We shall be permitted but not obligated to inspect your property and operations at any time. Neither our right to make inspections, nor the making thereof, nor any report thereon, shall constitute an undertaking on your behalf or for your benefit or that of others to determine or warrant that such property or operations are:

1. Safe;
2. Healthful; or
3. In compliance with any law, rule or regulation.

We may examine and audit your books and records at any time during the "policy period" and extensions thereof and within three years after the final termination of this policy, insofar as they relate to the subject matter of this policy.

**C. Duties In The Event Of Occurrence, Claim or Suit**

1. You must see to it that we are notified as soon as practicable of an "occurrence" which may result in a claim under this policy. This requirement applies only when such "occurrence" is known to any of the following:
  - (a) You, or any additional insured that is an individual;
  - (b) Any partner, if you or an additional insured are a partnership;
  - (c) Any manager, if you or an additional insured are a limited liability company;
  - (d) Any "executive officer" or insurance manager, if you or an additional insured are a corporation.
  - (e) Any trustee, if you or an additional insured is a trust; or
  - (f) Any elected or appointed official, if you or an additional insured is a political subdivision or public entity.

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This duty applies separately to you and any additional insured.

To the extent possible, notice should include:

- (a) How, when and where the "occurrence" took place;
  - (b) The names and addresses of any injured persons and witnesses; and
  - (c) The nature and location of any injury or damage arising out of the "occurrence" or "offense".
2. If a claim is made or "suit" is brought against any "insured", you must:
    - (1) Immediately record the specifics of the claim or "suit" and the date received; and
    - (2) Notify us in writing as soon as practicable if the claim is likely to exceed the amount of the "self-insured retention" or "underlying insurance", whichever applies.
  3. You and any other involved "insured" must:
    - (a) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit" involving or likely to involve a sum in excess of any "self-insured retention" or "underlying insurance", whichever applies;
    - (b) Authorize us to obtain records and other information;
    - (c) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
    - (d) Assist us, upon our request in the enforcement of any right against any person or organization which may be liable to the "insured" because of injury or damage to which this policy or any "underlying insurance" or "self-insured retention" may apply.
  4. No "insured" will, except at that "insured's" own cost, make or agree to any settlement for a sum in excess of:
    - (a) The total limits of "underlying insurance"; or
    - (b) The "self-insured retention" if no "underlying insurance" applies without our consent.
  5. No "insured" will, except at that "insured's" own cost, make a payment, assume any obligation, or incur any expenses, other than first aid, without our consent.

**D. Assistance and Cooperation of the Insured**

The "insured" shall:

1. Cooperate with us and comply with all the terms and conditions of this policy; and

2. Cooperate with any of the underlying insurers as required by the terms of the "underlying insurance" and comply with all the terms and conditions thereof.

The "insured" shall enforce any right of contribution or indemnity against any person or organization who may be liable to the "insured" because of "bodily injury", "property damage" or "personal and advertising injury" with respect to this policy or any "underlying insurance".

**E. Legal Action Against Us**

No person or organization has a right under this policy:

- a. To join us as a party or otherwise bring us into a "suit" asking for "damages" from an "insured"; or
- b. To sue us on this policy unless all of its terms and those of the "underlying insurance" have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an "insured"; but, we will not be liable for "damages" that are not payable under the terms of this policy or that are in excess of the applicable Limits of Insurance. An agreed settlement means a settlement and release of liability signed by us, the "insured" and the claimant or the claimant's legal representative.

**F. Appeals**

In the event the "insured" or the "insured's" underlying insurer elects not to appeal a judgment in excess of the "underlying insurance" or the "self-insured retention", we may elect to make such appeal, at our cost and expense. If we so elect, we shall be liable in addition to the applicable Limit of Insurance, for the:

1. Taxable costs;
2. Disbursements; and
3. Additional interest incidental to such appeal;

but in no event will we be liable for "damages" in excess of the applicable aggregate Limit of Insurance.

If a judgment is rendered in excess of the limits of "underlying insurance" and we offer to pay our full share of such judgment, but you or your underlying insurers elect to appeal it, you, your underlying insurers or both will bear:

- a. The cost and duty of obtaining any appeal bond;
- b. The taxable costs, disbursements and additional interest incidental to such appeal; and

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- c. Any increase in "damages" over the amount the matter could have been settled for after the verdict was entered and before the appeal was filed.

**G. Other insurance**

This policy shall apply in excess of all "underlying insurance" whether or not valid and collectible. It shall also apply in excess of other valid and collectible insurance (except other insurance purchased specifically to apply in excess of this insurance) which also applies to any loss for which insurance is provided by this policy.

These excess provisions apply, whether such other insurance is stated to be:

1. Primary;
2. Contributing;
3. Excess; or
4. Contingent;

Provided that if such other insurance provides umbrella coverage in excess of "underlying insurance" or a "self-insured retention", this policy shall contribute therewith with respect to "damages".

However, we shall not be liable for a greater proportion of such loss than the amount which would have been payable under this policy bears to the sum of:

1. Said amount; and
2. The amounts which would have been payable under each other umbrella policy applicable to such loss, had each such policy been the only policy so applicable.

**H. Transfer Of Rights Of Recovery Against Others To Us**

- a. If the "insured" has rights to recover all or a part of any payment we have made under this policy, those rights are transferred to us. The "insured" must do nothing after a loss to impair them. At our request, the "insured" will bring "suit" or transfer those rights to us and help us enforce them.
- b. Recoveries shall be applied to reimburse:
  - (1) First, any interest (including the Named Insured) that paid any amount in excess of our limit of liability;
  - (2) Second, us, along with any other insurers having a quota share interest at the same level;
  - (3) Third, such interests (including the Named Insured) of whom this insurance is excess.

However, a different apportionment may be made to effect settlement of a claim by agreement signed by all interests.

- c. Reasonable expenses incurred in the exercise of rights of recovery shall be apportioned among all interests in the ratio of their respective losses for which recovery is sought.

**I. Changes**

This policy contains all the agreements between you and us concerning the insurance afforded. Notice to any agent, or knowledge possessed by any agent or any other person shall not effect a waiver or a change in any part of this policy, or stop us from asserting any rights under the terms of this policy.

The Named Insured first shown in the Declarations is authorized on behalf of all "insureds" to agree with us on changes in the terms of this policy.

If the terms are changed, the changes will be shown in an endorsement issued by us and made a part of this policy.

**J. Separation Of Insureds**

Except with respect to the Limits of Liability, and any rights or duties specifically assigned in this policy to the Named Insured first shown in the Declarations, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each "insured" against whom claim is made or "suit" is brought.

**K. Maintenance of Underlying Insurance**

Policies affording in total the coverage and limits stated in the Extension Schedule of Underlying Insurance Policies shall be maintained in full effect during the currency of this policy. Your failure to comply with the foregoing shall not invalidate this policy, but in the event of such failure, we shall be liable only to the extent that we would have been liable had you complied herewith.

The Named Insured first shown in the Declarations shall give us written notice as soon as practicable of any of the following:

1. Any change in the coverage or in the limits of any "underlying insurance", including but not limited to a change from occurrence coverage to claims made coverage;
2. Termination of part or all of one or more of the policies of "underlying insurance";
3. Reduction or exhaustion of an aggregate limit of liability of any "underlying insurance".

The "self-insured retention" shall not apply should the "underlying insurance" be exhausted by the payment of claims or "suits" which are also covered by this policy.



**UMBRELLA LIABILITY PROVISIONS****L. Cancellation**

1. The Named Insured first shown in the Declarations may cancel this policy by mailing or delivering to us or to any of our authorized agents advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the Named Insured first shown in the Declarations at the address shown in this policy, written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if such Named Insured fails to pay the premium or any installment when due; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. If notice is mailed, proof of mailing will be sufficient proof of notice. Notice will state the effective date of cancellation. The "policy period" will end on that date. Delivery of such notice by the Named Insured first shown in the Declarations or by us will be equivalent to mailing.
4. If the Named Insured first shown in the Declarations cancels, the refund may be less than pro rata, but we will retain any minimum premium stated as such in the Declarations. If we cancel, the refund will be pro rata. The cancellation will be effective even if we have not made or offered a refund.

**M. Nonrenewal**

1. If we decide not to renew, we will mail or deliver to the Named Insured first shown in the Declarations, at the address shown in this policy, written notice of nonrenewal at least 30 days before the end of the "policy period".
2. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. If we offer to renew but such Named Insured does not accept, this policy will not be renewed at the end of the current "policy period".

**N. Workers' Compensation Agreement**

With respect to "bodily injury" to any officer or other "employee" arising out of and in the course of employment by you, you represent and agree that you have not abrogated and will not abrogate your common-law defenses under any Workers' Compensation Law by rejection of such law or otherwise. If at any time during the "policy period" you abrogate such defenses, the insurance for "bodily injury" to such officer or other "employee" automatically terminates at the same time.

**O. Bankruptcy or Insolvency**

In the event of the bankruptcy or insolvency of the "insured" or any entity comprising the "insured", we shall not be relieved of any of our obligations under this policy.

**P. Representations**

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. The statements in the Extension Schedule of Underlying Insurance Policies are accurate and complete;
- c. The statements in **a.** and **b.** are based upon representations you made to us;
- d. We have issued this policy in reliance upon your representations; and
- e. If unintentionally you should fail to disclose all hazards at the inception of this policy, we shall not deny coverage under this policy because of such failure.

**SECTION VII - DEFINITIONS**

**Except as otherwise provided in this section or amended by endorsement, the words or phrases that appear in quotation marks within this policy shall follow the definitions of the applicable "underlying insurance" policy.**

- A. "Accident"** includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage".
- B. "Auto"** means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
- C. "Covered pollution cost or expense"** means any cost or expense arising out of:

1. Any request, demand or order; or
2. Any claim or "suit" by or on behalf of a governmental authority demanding that the "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

"Covered pollution cost or expense" does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants".

1. That are, or that are contained in any property that is:
  - a. Being transported or towed by, handled, or handled for movement into, onto or from, any "auto";

**UMBRELLA LIABILITY PROVISIONS**

- b. Otherwise in the course of transit by or on behalf of the "insured"; or
  - c. Being stored, disposed of, treated or processed in or upon any "auto"; or
2. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto any "auto"; or
  3. After the "pollutants" or any property in which the "pollutants" are contained are moved from any "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph **a.** above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of an "auto", covered by the "underlying insurance" or its parts, if:

1. The "pollutants" escape, seep, migrate, or are discharged or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
2. The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in paragraphs **f.(2)** or **f.(3)** of the definition of "mobile equipment" in the Business Liability Coverage Form.

Paragraphs **b.** and **c.** above do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon an "auto" covered by the "underlying insurance" if:

1. The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of the "auto"; and
2. The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

- D. "Damages"** means a monetary award, monetary settlement or monetary judgment. "Damages" include prejudgment interest awarded against the "insured" on that part of the judgment we pay.

The following are not considered "damages" and are not covered by this policy:

1. Fines, penalties, sanctions or taxes;
2. Attorney's fees and costs associated with any non-monetary relief awarded against the "insured"; or

3. Any monetary award, monetary settlement or monetary judgment for which insurance is prohibited by the law(s) applicable to the construction of this policy.

- E. "Insured"** means any person or organization qualifying as an "insured" in the applicable WHO IS AN INSURED provision of this policy. The insurance afforded applies separately to each "insured" against whom claim is made or "suit" is brought, except with respect to the limit of our liability under LIMITS OF INSURANCE (SECTION IV).

- F. "Occurrence"** means:

1. With respect to "bodily injury" or "property damage", an "accident", including continuous or repeated exposure to substantially the same general harmful conditions; and
2. With respect to "personal and advertising injury", an offense described in one of the numbered subdivisions of that definition in the "underlying insurance".

- G. "Policy period"** means the period beginning with the inception date stated as such in the Declarations and ending with the earlier of:

1. The date of cancellation of this policy; or
2. The expiration date stated as such in the Declarations.

- H. "Self-insured retention"** means the amount stated as such in the Declarations which is retained and payable by the "insured" with respect to each "occurrence".

- I. "Underlying insurance"** means the insurance policies listed in the Extension Schedule of Underlying Insurance Policies, including any renewals or replacements thereof, which provide the underlying coverages and limits stated in the Schedule of Underlying Insurance Policies. The limit of "underlying insurance" includes:

1. Any deductible amount;
2. Any participation of any "insured"; and
3. Any "self-insured retention" above or beneath any such policy;

Less the amount, if any, by which the aggregate limit of such insurance has been reduced by any payment relating to any act, error, omission, injury, damage or offense for which insurance is provided by this policy, including Medical Payments Coverage as described in the "underlying insurance". The coverages and limits of such policies and any such deductible amount, participation or "self-insured retention" shall be deemed to be applicable regardless of:

**UMBRELLA LIABILITY PROVISIONS**

1. Any defense which any underlying insurer may assert because of the "insured's" failure to comply with any condition of its policy; or
2. The actual or alleged insolvency or financial impairment of any underlying insurer or any "insured".

The risk of insolvency or financial impairment of any underlying insurer or any "insured" is borne by you and not by us.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **TEXAS CHANGES**

This endorsement modifies insurance provided under the following:

### **UMBRELLA LIABILITY PROVISIONS**

It is agreed that:

1. The **CANCELLATION** Condition is replaced by the following:

#### **CANCELLATION**

- a. The Named Insured first shown in the Declarations may cancel this policy by:
  - (1) Mailing or delivering to us advance written notice of cancellation; or
  - (2) Surrendering the policy to us or to any of our authorized agents.
- b. We may cancel this policy by mailing or delivering to the first Named Insured shown in the Declarations written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation.
  - (1) If this policy is in effect for 60 days or less, we may cancel for any reason except, that under the provisions of the Texas Insurance Code, we may not cancel this policy solely because the policyholder is a elected official.
  - (2) If this policy has been in effect for more than 60 days or if it is a renewal or continuation of a policy issued by us, we may cancel for one or more of the following reasons, or as permitted under applicable Texas law:
    - (a) Fraud in obtaining coverage;
    - (b) Failure to pay premium when due;
    - (c) An increase in hazard within the control of the insured which would produce an increase in rate;
    - (d) Loss of our reinsurance covering all or part of the risk covered by this policy; or

- (e) If we have been placed in supervision, conservatorship or receivership, and the cancellation is approved or directed by the supervisor, conservator or receiver.

- c. We will mail or deliver our notice to the last mailing address known to us of the Named Insured first shown in the Declarations. We will also mail the notice to the agent of record.

If notice is mailed, proof of mailing will be sufficient proof of notice.

- d. Notice of cancellation by us will state the effective date of cancellation and the specific reasons for the cancellation. The "policy period" will end on that date.
- e. If this policy is canceled, we will send the Named Insured first shown in the Declarations any premium refund due. If we cancel, the refund will be pro-rata.
- f. If the Named Insured cancels, we shall compute the return premium at 90% of the pro-rata unearned premium.
- g. Premium adjustment may be made either at the time cancellation is effected, or as soon as practicable after cancellation becomes effective, but payment is not a condition of cancellation.

2. The **NONRENEWAL** Condition is replaced by the following:

#### **NONRENEWAL**

- a. We may elect not to renew this policy except, that under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.

- b. If we elect not to renew this policy, we may do so by mailing or delivering to the Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before expiration date. If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro rata based on the previous year's premium.
- c. If notice is mailed, we will mail it to the last mailing address known to us of the Named insured first shown in the Declarations.

Proof of mailing will be sufficient proof of notice.

### 3. SECTION VI- CONDITIONS

- A. The following provision is added to Paragraph C.- **Duties in the Event of Occurrence, Claim or Suit:**
  - 4. With regard to liability for "bodily injury", "property damage" and "personal and advertising injury", no provision of this policy requiring you or any insured to give notice of "occurrence", claim of "suit", will bar coverage under this policy, unless we are prejudiced by such failure to comply with the requirement.

### 3. SECTION II - INVESTIGATION, DEFENSE, SETTLEMENT

- A. The word "duty" is removed wherever it appears in **Section II.**
- B. The following is added to **SECTION II.A.**
  - 6. Will pay any prejudgment interest awarded against the insured on the part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

### C. The following is added to **SECTION II:**

- D. We will notify in writing the Named Insured first shown in the Declarations of:
  - 1. An initial offer to compromise or settle a claim made or "suit" brought against any insured under this policy. The notice will be given not later than the 10th day after the date on which the offer is made; or
  - 2. Any settlement of a claim made or "suit" brought against the insured under this policy. The notice will be given not later than the 30th day after the date of the settlement.

### 4. SECTION VII - DEFINITIONS

- A. The definition of "damages" is replaced by the following:

**"Damages"** means a monetary award, monetary settlement or monetary judgment.

The following are not considered "damages" and are not covered by this policy:

- 1. Fines, penalties, sanctions or taxes;
- 2. Attorney's fees and costs associated with any non-monetary relief awarded against the "insured"; or
- 3. Any monetary award, monetary settlement or monetary judgment for which insurance is prohibited by the law(s) applicable to the construction of this policy.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION - CARE, CUSTODY OR CONTROL OF PERSONAL PROPERTY**

This endorsement modifies insurance provided under the

### **SPECTRUM UMBRELLA LIABILITY SUPPLEMENTAL CONTRACT**

This policy does not apply to "property damage" to personal property:

1. Rented to;
2. Used by; or
3. In the care, custody or control;

Of any "insured" or as to which any "insured" is for any purpose exercising physical control.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION - CARE, CUSTODY OR CONTROL OF REAL PROPERTY**

This endorsement modifies insurance provided under the

### **SPECTRUM UMBRELLA LIABILITY SUPPLEMENTAL CONTRACT**

This policy does not apply to "property damage" to real property:

1. Owned by;
2. Occupied by;
3. Rented to; or
4. In the care, custody or control;

Of any "insured" or as to which any "insured" is for any purpose exercising physical control.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EMPLOYEE RETIREMENT INCOME SECURITY ACT**

This endorsement modifies insurance provided under the

### **SPECTRUM UMBRELLA LIABILITY SUPPLEMENTAL CONTRACT**

This policy does not apply to liability imposed on the "insured" under the Employee Retirement Income Security Act of 1974, 29 U.S.C. Section 1001-1381 (1976) (ERISA) or any changes to it.





**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION - EMPLOYEE INJURY**

This endorsement modifies insurance provided under the

### **UMBRELLA LIABILITY PROVISIONS**

The **Employer Liability** Exclusion is deleted and replaced by the following:

This policy does not apply to any injury or damage to:

- (A) Any "employee" of any "insured" arising out of or in the course of employment by any "insured;" or
- (B) The spouse, child, parent, brother or sister of the "employee" as a consequence of (A) above; or
- (C) To you or any of your partners or members, (if you are a partnership, joint venture), or your members (if you are a limited liability company).

This exclusion applies:

- (1) Whether any "insured" may be liable as an employer or in any other capacity;
- (2) Whether or not liability for (A), (B) or (C) above is assumed by any "insured" under any contract or agreement; or
- (3) To any obligation to share "damages" with or repay someone else who must pay "damages" because of the injury or damage.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ABSOLUTE LEAD EXCLUSION**

This endorsement modifies insurance provided under the following:

### **UMBRELLA LIABILITY PROVISIONS**

**A.** The following exclusion is added to **B.**, Exclusions (SECTION 1-COVERAGES):

This policy does not apply to:

1. Any injury, damage, loss, costs or expense, including, but not limited to, "bodily injury", "property damage" or "personal and advertising injury" arising out of, in whole or in part, the "lead hazard."
2. Any damages, judgments, settlements, loss costs or expenses that:
  - a. May be awarded or incurred by reason of any claim or suit alleging actual or threatened injury or damage of any nature or kind to persons or property which arises out of, or would not have occurred, in whole, or in part, but for the "lead hazard"; or
  - b. Arise out of any request, demand, order or statutory or regulatory requirement that any "insured" or others:
    - (1) Identify, abate, test for, sample, monitor, clean up, remove, cover, contain, treat, detoxify, decontaminate, neutralize or mitigate or in any way respond to or assess the effects of a "lead hazard"; or
    - (2) As a result of such effects, repair, replace or improve any property; or

**c.** Arise out of any claim or any suit for damages because of:

- (1) Identification of, abatement of, testing for, sampling, monitoring, cleaning up, removing, covering, containing, treating, detoxifying, decontaminating, neutralizing or mitigating or in any way responding to or assessing the effects of a "lead hazard"; or
- (2) As a result of such effects, the repair, replacement, or improvement of any property .

**B.** The following definition is added to the **Definitions** section:

"Lead hazard" means an exposure or threat of exposure to the actual or alleged properties of lead, and includes the mere presence or suspected presence of lead in any form or combination.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FOLLOWING FORM ENDORSEMENT AUTOMOBILE LIABILITY**

This endorsement modifies insurance provided under the

### **SPECTRUM UMBRELLA LIABILITY SUPPLEMENTAL CONTRACT**

This policy does not apply to liability arising out of the:

1. Ownership;
2. Operation;
3. Maintenance;
4. Use;
5. Entrustment to others; or
6. Loading or unloading;

Of any "auto."

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the injury or damage involved the ownership, maintenance, use, entrustment to others, or loading or unloading of any "auto".

### **EXCEPTION**

This exclusion does not apply if "underlying insurance" is maintained providing coverage for such "auto" with minimum underlying limits as described for Commercial Automobile Liability in the Schedule of Underlying Insurance Policies.

Condition K. - Maintenance of Underlying Insurance applies to this exception.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FOLLOWING FORM ENDORSEMENT –FUNGI, BACTERIA AND VIRUSES**

This endorsement modifies insurance provided under the:

### **SPECTRUM UMBRELLA LIABILITY SUPPLEMENTAL CONTRACT**

This policy does not apply to:

1. Injury or damage arising out of or related to the presence of, suspected presence of, or exposure to:
  - a. fungi, including but not limited to mold, mildew, and yeast;
  - b. bacteria;
  - c. viruses; or
  - d. dust, spores, odors, particulates or byproducts, including but not limited to mycotoxins and endotoxins, resulting from any of the organisms listed in a., b., or c. above;

from any source whatsoever.

2. Any loss, cost or expense arising out of the testing for, monitoring of, cleaning up of, removal of, containment of, treatment of, detoxification of, neutralization of, remediation of, disposal of, or any other response to or assessment of, the effects of any of the items in 1.a., b., c. or d. above, from any source whatsoever.

#### **EXCEPTION**

This exclusion does not apply if "underlying insurance" is maintained providing coverage for such liability with minimum underlying limits as described in the Schedule of Underlying Insurance Policies.

Any coverage restored by this **EXCEPTION** applies only to the extent of the scope of coverage provided by the "underlying insurance" but in no event shall coverage be broader than the scope of coverage provided by the policy of which this endorsement forms a part.

**Condition K. - Maintenance Of Underlying Insurance** applies to this exception.



## POLICYHOLDER NOTICE - IDENTITY RECOVERY COVERAGE

We are pleased to inform you that **your Business Owners policy from The Hartford now includes Identity Recovery coverage—at no extra cost to you.** (Coverage is provided to individuals, the owners (sole proprietor or at least 20% ownership) or partners, and full time employees whose identity has been stolen.)

Identity theft occurs when someone illegally assumes your identity of and uses it to do one or more of the following:

- o Make purchases;
- o Receive loans;
- o Undertake obligations; or
- o Commit crimes.

Identity theft has struck 27 million Americans in the past five years alone and is the fastest growing crime in America. Owners of small businesses are especially vulnerable because they may have access to substantial lines of credit and are, therefore, attractive targets to identity thieves.

### **Identity Theft Can Cost You Time and Money**

When identity theft occurs, victims have to spend money and, even more significantly, a considerable amount of time and energy to clear their credit history and correct their records. Victims frequently mention that this is an immensely frustrating and time-consuming experience. And long hours spent correcting your credit or identity records are a costly distraction from your business. The Hartford's Identity Recovery program is specially designed to save business owners like you the time and money of correcting problems stemming from the personal identity theft.

### **Case Manager Service and Expense Reimbursement**

Even though you take all the right precautions as a business owner to protect yourself from identity theft, it can happen. If it does, your policy now provides you with the following protection and assistance:

- o Access to a toll-free help line **(1-888-772-1798)** staffed by experienced identity theft counselors who can answer your questions, provide information and resources that can help you if you are a victim of identity theft, and speed the recovery process since they are familiar with the appropriate process and procedures. These services include:
  - o Working with credit bureaus, creditors, financial institutions, and others to identify errors and help you correct your records;
  - o Enrolling you in an electronic credit monitoring service;
  - o Requesting a fraud alert with credit bureaus where warranted;
  - o Preparing communications for you to send to the Social Security Administration, state Department of Motor Vehicles and other government entities;
  - o Providing legal referrals for assistance with court appearances and legal entanglements;
  - o Working with you to check for a recurrence of identity theft problems;
  - o Keeping detailed records of the steps taken and remaining in the process.
- o Reimbursement up to \$15,000 for covered expenses (such as cost of obtaining credit bureau reports, postage, phone and shipping fees, certain legal fees caused by identity theft, and Notary and filing fees.)

Should you suspect that you are a victim of identity theft, call our toll-free Identity Recovery Help Line at 1-888-772-1798. Identity recovery counselors are available Monday - Friday from 8:00 AM to 8:00 PM Eastern Standard Time.

Please review your policy carefully for policy terms and conditions.

Thank you.



**THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN  
RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK  
INSURANCE ACT.**

## **DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT**

### **SCHEDULE**

**Terrorism Premium (Certified Acts):**

**\$ 203.00**

#### **A. Disclosure Of Premium**

In accordance with the federal Terrorism Risk Insurance Act, as amended (TRIA), we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for certified acts of terrorism under TRIA. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement.

#### **B. Disclosure Of Federal Participation In Payment Of Terrorism Losses**

The United States Department of the Treasury will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of such insured losses that exceeds the applicable insurer deductible.

However, if aggregate insured losses attributable to certified acts of terrorism under TRIA exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

#### **C. Cap On Insurer Participation In Payment Of Terrorism Losses**

If aggregate insured losses attributable to certified acts of terrorism under TRIA exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under TRIA, we shall not be liable for the payment of any portion of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

#### **D. All other terms and conditions remain the same.**